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Daily Report

Latin America

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Daily Report
Latin America

FBIS-LAT-96-022 *1 February 1996*

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Cuba

Cuban Foreign Minister Discusses Work During 1995

PA0102011296 Havana PRENSA LATINA in Spanish 1952 GMT 29 Jan 96

[FBIS Translated Text] Havana, 29 Jan (PL) — Cuban Foreign Minister Roberto Robaina stated today that the thesis that Cuba is internationally isolated is a big lie and a myth concocted to discredit the country.

Robaina observed that out of the 185 member countries in the United Nations, a total of 155 have diplomatic and consular relations with the island and that there are 86 accredited diplomatic representations in Havana.

Not many countries, he stated, have broadened the circle of their international relations to this extent, especially in our area, because Cuba is among the 20 nations that have the most ties with the rest of the world.

In an interview with the OPCIONES weekly publication, the minister said that, amid the special situation on the island currently, conditions existed to allow President Fidel Castro to keep a complicated travel program abroad.

There is this fact, which is still more important, that the most authorized voice of Cuba was received, at the highest level, in 10 countries and in several important international arenas, he observed.

Referring to the work done by the Foreign Ministry to divulge Cuba's reality abroad, he highlighted that this endeavor is a priority and has allowed them to report abroad on the country's economic potential, its industrial and social infrastructure, as well as the people's levels of ability and culture.

The world wants to know if the changes will make our country more efficient and competitive and allow it to respond better to the growing needs of our population because, for many, we are a reason to hope, he emphasized.

Robaina explained that, based on this, investment, foreign financing, economic expansion, advisory services, tourism, and commerce are assessed and matters of principle, "such as respect for our national independence, sovereignty, political order, and legal norms," are clearly asserted.

At another point in the interview, Robaina referred to U.S. businessmen's growing interest in the possibilities for investing in and doing business with the island.

When we contact them, he said, the first thing we try to explain to them is, precisely, how dishonorable it is for their powerful country to have damaged ours in such a cruel manner, with the blockade, solely because it wants to be free, independent, and sovereign.

Robaina stated that when U.S. businessmen discover that Canadians, Spanish, French, or Swiss have, without any trauma, commercial relations with Cuba, they feel they have been cheated by their government for years.

"Just in the past year, representatives from 261 U.S. companies and hundreds of businessmen from the most diverse fields and sectors have visited the country, including 67 of the leading economic companies in the country," he reported. The minister added that letters of intent have been signed with U.S. businessmen and, increasingly, competitors who are more daring are turning up.

Assessing the current ties between Cuba and the emigres, the foreign minister stressed that both sides want each step they take to be sufficiently solid so as not to have to retract it.

After confirming that Cuban law does not exclude emigrants from the possibility of making investments in their country of origin, he noted that U.S. laws do not allow emigres to take such action and pointed to the negative political stands adopted by some of the emigres.

However, he noted, there are very respectful emigres who are totally interested in having normal relations with Cuba. We should not, however, exaggerate the issue, because almost 90 percent of our emigres can scarcely work to live decently, survive, and help their relatives, he stated.

Finally, in response to a question, Robaina asserted that the success obtained by Cuban diplomacy in 1995 is more than an honor; it is a challenge and a source of permanent dissatisfaction for those who work in the sector, inside and outside of the island.

The efforts and results of other organizations, in addition to the Foreign Ministry, in furthering Cuban foreign policy has also served to boost Cuban economic development, foreign investment, tourism, commerce, biotechnology, and other sectors, he stated.

"Our diplomacy in 1995 responded to the needs and realities of that year. It was the diplomacy of a period in which Cuba showed the world that the collapse of socialism was not occurring in the Caribbean," he concluded.

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Cuba's Castro Meets Mexican Party Leader

PA3101122596 Havana Radio Havana Cuba in Spanish 0200 GMT 31 Jan 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban President Fidel Castro met in Havana with Santiago Onate Laborde, leader of the ruling Institutional Revolutionary Party [PRI] of Mexico, with whom he talked about economic changes in the island and the situation regarding the Mexican financial policy.

During his meeting with the Cuban leader, Onate termed as intensive and useful the exchange, where they also analyzed the Communist Party of Cuba's eventual admission to the Permanent Conference of Latin American Political Parties, which is chaired by the PRI leader.

Onate Laborde is on an official visit to Cuba since 26 January and he has talked with the island's personalities, including Ricardo Alarcon, president of the National Assembly of the People's Government, and Foreign Minister Roberto Robaina.

Cuba's Castro Speaks at Inauguration of Marti Memorial

PA3101192696 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 29 Jan 96

[From the "NTV" newscast]

[FBIS Translated Excerpts] We now present a special report on the inauguration of the Jose Marti Memorial at the Revolution Plaza. [passage omitted]

[Begin Fidel Castro recording, broadcast in progress] ...can imagine he could see all this. He, himself, could have never imagined such a thing because he did not fight for [words indistinct] honors. [passage indistinct] could not imagine they would live in a truly independent republic, which fulfilled Marti's request to prevent the United States from extending into the Americas. He delivered this mandate — which has been fully observed — on the eve or the day of his death.

The fully independent republic [words indistinct] he could not think about the disillusion of [words indistinct] but one feels satisfied that a man like him has [words indistinct] the conception has been excellent. Now we do have a Memorial, which we thought we had. [words indistinct] will become famous and I believe many people will come visit this place. Everyone will come and see this place. [end recording] [passage omitted]

Cuban Delegates Assess Agriculture Recovery Program

PA3101164596 Havana Radio Rebelde Network in Spanish 1255 GMT 27 Jan 96

[FBIS Translated Text] Undoubtedly, one of the most significant events in Camaguey this week is the visit by agriculture delegates from every corner of the country who have been accompanied by the coordinators of the Committees for the Defense of the Revolution and members of the Agriculture Ministry's directorate council. They are touring the province's 13 municipalities to verify in situ the fulfillment of the strategy of the so-called special 50-day program which seeks to promote the recovery of the farming sector. This program was appraised by Agriculture Minister Alfredo Jordan together with Adolfo Diaz, vice president of the Council of Minister, and the aforementioned delegates.

At the end of the visit, Alfredo Jordan urged Camaguey farmers to continue the effort and extend the program to the other provinces. Jordan added that what is being done in Camaguey is the method that will be extended to the entire agriculture sector, tying the workers not only to the area, but also to the equipment.

Haiti

Haitian Radio Reports Names of Possible Prime Ministers

PA3101234996 Port-au-Prince Signal FM Radio in French 1130 GMT 31 Jan 96

[From the "Waking Up Newscast"]

[FBIS Translated Text] The preparations for the inauguration of newly elected President Rene Preval are making good progress. Meanwhile, contacts are being made for the new head of government. According to sources close to the Haitian community in Miami, former Prime Minister Smarck Michel is allegedly one of those in a good position to occupy this post. Others such as economist Paul Latortue; Frantz Verella, the former minister of public works, transports, and communications in the Aristide Preval Government; and Leslie Voltaire, current head of Aristide's private cabinet, are also cited.

Let us point out that President-Elect Rene Preval has announced a Washington tour at the beginning of February before he officially takes power in Haiti on 7 February.

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Mexican Envoy to U.S. Views Feinstein-D'Amato Bill

PA3101194696 Mexico City XEW Television Network in Spanish 0400 GMT 31 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexico reacts to the initiative by Senators Alfonse D'Amato and Dianne Feinstein. Jesus Silva Herzog, Mexican ambassador to the United States, emphatically rejected the bills, stating that they hurt bilateral relations and the dialogue between partners.

[Begin Silva recording] This morning's statements by Senators Feinstein and D'Amato are part of a preestablished agenda, which plans to underestimate Mexico's fulfillment of commitments. [end recording]

According to Silva, the numbers clearly show that Mexico is making strides in its drug fighting efforts. During 1995, 41 percent more drug traffickers were arrested than in 1994. More drugs, including marijuana, cocaine, and psychotropic drugs were seized.

[Begin Silva recording] Feinstein and D'Amato have been known for their long-time negative attitude toward Mexico. [end recording]

Regarding this morning's request by D'Amato and Feinstein that Mexico agree to the extradition of criminals, Silva stressed that Mexico has no plans to modify its extradition treaty with the United States.

Mexican Senators React to U.S. Senators' Criticisms

PA0102040296 Mexico City LA JORNADA in Spanish 31 Jan 96 p 18

[FBIS Translated Text] The severe criticism of Senators Alphonse D'Amato and Dianne Feinstein regarding NAFTA, the fight against drug trafficking, and financial support to Mexico, "are ironic and intended to politicize the issues with unilateral aims," PRI [Institutional Revolutionary Party] Senator Eloy Cantu has affirmed.

Moreover, Senator Rodolfo Becerril Straffon confirmed that the U.S. congressmen are being unethical, are engaged in interventionist criticism, and are assuming dishonest attitudes, "because they are pointing out the defects of others, yet they fail to see their own defects." "I wish the United States were as prompt in fighting organized crime as they are in issuing certifications to Third World countries with limited resources," Becerril said.

One should remember that Senator Alfonse D'Amato, president of the Senate's Banking Committee, declared that the Mexican financial rescue program "has been a failure" and said it was outrageous that his country's government was willing to "throw more money into a bottomless pit by extending that ill-conceived plan for six more months." Regarding criticism of progress on NAFTA, Cantu Segovia added: "Only short-sighted persons would deny the regional advantages of NAFTA ... If those senators reject it, they are divorced from reality and opposed to the spirit of free trade that the United States is defending and fostering."

Cantu Segovia also responded to D'Amato's and Feinstein's "out of context" criticism regarding the financial support given to Mexico and warned: "In the Mexican Congress, we reject and will continue to reject any attempt to introduce politically oriented mechanisms to strictly financial issues ... Evidently, the aim of these two congressmen is to gain political propaganda at the expense of the truth."

Cantu Segovia affirmed that the package of financial support to Mexico is not a "gift" that was granted behind the back of the powers of the U.S. Government, because it benefits the United States to have as its partner a country with a competitive economy."

Regarding the fight against drug trafficking, Cantu Segovia reiterated that "it is ironic that it is precisely D'Amato and Feinstein who now claim the moral legitimacy to question Mexico's efforts in the fight against drug trafficking."

Cantu Segovia said that New York, where D'Amato is from, is such an active drug trafficking market that international drug prices of cocaine and heroin are established there.

Cantu Segovia added that in Feinstien's case, during her mandate as major of San Francisco, consumption and distribution of drugs in the streets increased in that city.

Mexican Congress Condemns U.S. Senators' Criticisms

PA0102051496 Mexico City XEW Television Network in Spanish 0000 GMT 1 Feb 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Permanent Commission of the Mexican Congress issued a statement condemning and rejecting the criticisms made by U.S. Senators Alphonse D'Amato and Dianne Feinstein against Mexico in regards to the fight against drug trafficking activities.

PRI [Institutional Revolutionary Party] Deputy Humberto Roque Villanueva, leader of the majority bloc at the Chamber of Deputies and chairman of the permanent commission, read the document signed by PRI, PAN

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[National Action Party], PRD [Party of the Democratic Revolution], and PP [Popular Socialist Party] senators.

The legislators indicate that Mexico does not need and has never needed foreign pressures or certifications to comply with its obligation to humanity in the fight against drug trafficking activities. They insist that Mexico respects the internal affairs of other countries and, thus, demands reciprocity and respect for our internal affairs.

Mexican Deputies Reject U.S. Approval of Trade Bill

PA3101133396 Mexico City XEW Television Network in Spanish 0400 GMT 30 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party] Deputies members of the Agriculture Committee of the Mexican Chamber of Deputies have sent a letter to Pat Roberts, President of Agriculture Committee of the U.S. Congress. It warns that the recent approval in the U.S. Senate, without previous discussion, of a bill which alters the concept of safeguarding a national industry, is clearly aimed at obstructing the importing of Mexican tomatoes into the United States.

The letter is signed by PRI Deputy Rafael Cevallos, PAN Deputy Eduardo Cardenas, PRD Deputy Eric Villanueva, and PT Deputy Jose Narro. Furthermore, the letter points out that if the bill approved by the U.S. Senate is also approved by the House of Representatives, it would threaten NAFTA and the agricultural relationship, which, the deputies say, has been more beneficial to U.S. producers. The letters ask the president of the Agriculture Committee of the U.S. Congress to intervene to avoid an additional procedure that is another trade restriction, and a projectionist measure.

Mexican Bulletin Issued on U.S. Report on R. Salinas

PA3101163296 Mexico City XEW Television Network in Spanish 0400 GMT 30 Jan 96

[From "24 Hours" newscast]

[FBIS Translated Text] U.S. newspaper THE MIAMI HERALD yesterday published statements by Mexican businessman Carlos Peralta. Peralta stated he gave Raul Salinas de Gortari $50 million, without a receipt, for several business projects.

Today, the Attorney General's Office [PGR] issued a bulletin, which states:

1. This institution is carrying out the investigation based on the report of illegal enrichment filed by the Secretariat of the Comptrollership and Administrative Development [Secodam].

2. The investigations are being carried out in accordance with the information and documents involving accounts and real estate property that the Secodam delivered to this institution, and which are different from the statements made by Raul Salinas de Gortari.

Finally, the PGR said that if a person is affected by these actions, he is entitled to begin the corresponding criminal actions, and stressed it will continue with the necessary investigation in this case.

Mexico, UK Sign 10-Point Joint Action Agreement

PA3101145596 Mexico City XEW Television Network in Spanish 0400 GMT 30 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] During Mexican President Ernesto Zedillo's official visit to London, the Mexican and the UK Governments signed a 10-point, joint-action agreement. It includes the following points:

1. Closer cooperation to promote trade and investments.

2. Negotiations with the OCDE regarding trade and investment issues.

3. Mexico's commitment to a greater trade opening.

4. A program for visits between Mexican and UK high-ranking officials.

5. Great Britain's aid in reforming the public sector and counseling for the Mexican police.

6. Greater cooperation in fighting drug trafficking, money laundering, and international terrorism.

7. Implementation of a UK funded program to cooperate with Mexico's health sector.

8. Increase cultural and academic exchanges.

9. Increase cooperation with international financing organizations.

10. Closer cooperation in international conferences on the environment.

The agreement was signed by President Ernesto Zedillo and British Prime Minister John Major.

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Mexico's Zedillo Reaffirms Position Toward Cuba

PA3101130996 Mexico City NOTIMEX in Spanish 2230 GMT 30 Jan 96

[By Eduardo Porter]

[FBIS Translated Text] London, 30 Jan (NOTIMEX) — President Ernesto Zedillo reaffirmed today that Mexico's policy toward Cuba based on respect for nonintervention remains unchanged, and he underscored the principle of self—determination of nations.

The Mexican president criticized the embargo against Cuba as a violation of those principles without naming the United States when he answered a question at the House of Lords of the Parliament, where he made an appearance.

Zedillo was applauded by the parliamentarians meeting at Westminster when he said the Mexico "condemns and rejects" initiatives that violate such principles and harm the interests of third countries.

The initiative of Senators Dan Burton and Jesse Helms, whose final draft must wait for a fusion of the various versions approved by both chambers of the U.S. Congress, punishes third countries for maintaining economic exchanges with Cuba.

The president noted that this initiative would harm the interests of Mexico, as well as those of the United Kingdom, France, and Spain, that maintain economic exchanges with Cuba, and thus, "we reject this legislation."

The question and answer session, which occupied most of Zedillo's appearance at the House of Lords, focused mainly on Latin American issues.

As for Mexico's relations with Central America, Zedillo said that changes in the region's situation have produced a better relationship with those nations, and there are now increasingly stronger political and economic ties.

The Mexican president cited as examples a free trade agreement with Costa Rica, the near conclusion of a similar one with Nicaragua, and the existence of cooperation mechanisms with all Central American countries.

As for political news, Zedillo pointed out that in a few days (15 and 16 February) he will be attending a summit of Central American presidents in San Jose, Costa Rica, called Tuxtla II, which was named after the capital of Chiapas State.

As for the situation in Belize, a former British colony that won its independence in 1981 and maintains an old territorial dispute with Guatemala, the Mexican president said that Mexico has recognized the independence and current geographic configuration of this country.

However, he pointed out that Guatemala must not view this as a position against any claim that it might have on its neighbor.

Mexico: IMSS Reports Deficit, Modernization Plans

PA3101154896 Mexico City LA JORNADA in Spanish 25 Jan 96 pp 1, 14

[Report by Nestor Martinez]

[FBIS Translated Text] The Mexican Social Security Institute [IMSS] will report, for the first time in history, a budget deficit in excess of 201 million pesos this year. The information was given yesterday by IMSS Director General Genaro Borrego Estrada when he presented his 1995 Action Report and 1996 Work Program.

In the presence of the president of the Republic, Borrego Estrada said: The situation, "which seemed remote for many people, confirms the unavoidable need to carry out an in-depth reform that gives the IMSS financial viability."

Referring to this, President Zedillo said that, with the reform, the IMSS will be modernized to advance strongly toward the future, instead of "passively allowing inertia to take over, because this would have damaged it critically, perhaps irrevocably."

In his address at the Julio Prieto Theater, where he closed the IMSS' 78th Assembly, Zedillo said the IMSS has been reformed to guarantee its financial viability and become a basic source of internal savings, "which is essential to generate a sustained economic growth in the country."

He emphasized: "The IMSS is also reformed to treat pensioners and retirees with more justice, and in the future they will receive a much more equitable remuneration for all their years in service."

During the ceremony the IMSS director general said that, although revenues will increase to 56.33 billion pesos this year, this represents an 18-percent increase compared with the previous year, the IMSS' expenses will total 56.531 billion.

Borrego Estrada reiterated the IMSS "is not being privatized" because, with the new law, the institute's basic principles and its social achievement characteristic will be maintained.

Borrego Estrada reported that his program for this year foresees three priority lines of action: Plan the necessary modifications to fully comply with the new law's implementation; continue with the modernization;

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and raise the levels of operational efficiency and quality of service.

He also announced close, joint actions with the institution's workers to implement a Family Medical Program, which seeks to change the first level of attention, where 85 percent of the ailments are cured.

The IMSS director general said this is part of an institutional modernization program for all the areas of service. New systems and modern computer technology will be implemented and this will entail an unprecedented effort to modernize the affiliation, validation of rights, and billing functions; systems to authorize social security payments; as well as financial and administrative processes.

He also said new telecommunication and supply systems will be established. This will allow a decentralization of decisions and the shipment of supplies to all its units will be stabilized this year in a timely and adequate manner.

"This is an unavoidable commitment we are pledged to fulfill for all the institute's beneficiaries," he said.

Borrego reviewed budget resources and said 17.846 billion pesos of the revenues will be allocated for pensions; 25.823 billion will be allocated for personnel services; 6.785 billion will be allocated for supplies; and 1.53 billion will be allocated for the investment program, which will undergo a 33- percent increase.

Referring to the institute's achievements in 1995, the IMSS director said 97,567,246 consultations were offered to insurance holders; the release of 1,952,000 patients was registered; 1,303,000 surgeries were carried out; and 710,000 births were attended.

He said that offering medical attention to 700,000 persons each day, paying 38 million pesos in economic benefits to beneficiaries each day, and attending 64,500 children, among other actions, implies an enormous human effort and a great ability to organize and operate.

Borrego asserted: As of 31 December 1995, the number of IMSS beneficiaries totals 10,391,810, 5.4-percent less than those registered in December 1994. There was barely a 4.1-percent decrease regarding permanent workers who are beneficiaries.

At the end of last year, the IMSS protected a total of 34,323,844 Mexicans, plus almost 2.5 million persons who benefited from the conservation of rights for unemployed workers and their relatives.

Moreover, President Zedillo said that, with reforms like those of the IMSS, the Mexican state confirms its basic pledge regarding the population's health and the workers' social security.

He emphasized: "The IMSS is undergoing changes so it may provide better quality medical services to a larger number of Mexicans. For example, the new family health insurance will allow the inclusion of self-employed workers who have no protection nowadays."

Zedillo said that, with the reforms achieved, "the IMSS is now at the vanguard regarding changes in social security systems throughout the world. With this reform the IMSS will be ready to continue, based on a new groundwork, the route of justice it has followed since its inception and emergence."

The head of the Executive Branch emphasized that 1996 will be a crucial year for the institute, given the preparations for the new law's implementation. "Referring to this, it is quite satisfactory that the IMSS will count on the program until 2000 and its strategic lines are well known."

Also, Victor Manuel Diaz Romero, president of the Confederation of Industrial Associations (Concamin), emphasized the business sector's willingness to continue cooperating for the dissemination of the new law's contents and its benefits.

He considered that a diagnosis of the studies carried out by his sector resulted in an unavoidable need to implement changes, to reinstate the IMSS' financial viability and strengthen the quality, warmth, and timeliness of its services.

"This is now a time when the social security's rescue can no longer be postponed," he said.

Diaz Romero said the reforms will result in an increase of productivity and competitiveness among enterprises, as well as sponsor multiple benefits for the Mexican people.

Shortly before the ceremony, Ernesto Zedillo inaugurated the Gabriel Mancera No. 1 Regional Hospital, which shall reportedly benefit 550,000 beneficiaries. The amount of the investment in this hospital was 226 million pesos.

Mexican Economist: Inflation Target To Be Missed in 1996

PA0102020096 Mexico City EL FINANCIERO in Spanish 29 Jan 96 p 31

[Article by Gustavo Sauri]

[FBIS Translated Text] The official target of 20.5 percent inflation for all of 1996 will be missed because of the negative effects stemming from higher prices for goods and services in the public sector and minimum wage increases, so the consumer price index will close

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1996 at 31.11 percent, according to Alfredo Coutino, econometric analysis director for the Ciemex-WEFA consulting firm.

Coutino added that the stronger dollar and financial costs in terms of interest rates and adjustments in prices that have fallen behind will be additional factors that will have an adverse influence on the price behavior.

After studying the results of an economic study, the conclusion was reached that the initial component or the factor that gave rise to current inflation is particularly important. This means that the adjustment of prices that have fallen behind is considerable, since inflation is not adjusted automatically following any price change.

By incorporating the increases of the Alliance for Economic Recovery that became effective in December and those that go into effect in April, the impact will be distributed over the coming months.

The fact that higher public fares and prices are not totally passed on at once into inflation indicates that if, for example, these types of goods go up an average of 6 percent during the year, then the accumulated effect on inflation will be 4.1 percentage points.

This is called the inflation adjustment speed in the wake of price and fare changes, which makes the general index move much faster over time. Thus, 85 percent of the effect caused by higher prices and fares takes four months to be absorbed.

According to the consulting firm's estimate of the adjustment speed, 37 percent is absorbed during the first month after the increase, 61 percent by the second month, while 75 percent is absorbed in the third month.

This means that a 6-percent average increase during April will have an inflationary impact of 1.6 percentage points this month, 1 percent in May, 0.6 percent in June, 0.4 percent in July, and so on until 4.1 percentage points are accumulated, the firm explained.

Taking the specific case of gasoline, where the long-term elasticity and adjustment speed are different, it turns out that a 6-percent increase in April will have a proportional inflationary impact of just 9 percent throughout the year, that is, 0.53 percentage points, so inflation would require four months to absorb 93 percent of the resulting inflationary effect.

In other words, over the course of the year gasoline price increases will have a 0.26-point bearing on inflation, 0.13 points during May, 0.07 points during June, and 0.04 points during July until 0.53 points are reached.

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Honduras

Honduran President Dismisses Communications Minister

PA3101203096 Panama City ACAN in Spanish 1909 GMT 31 Jan 96

[FBIS Translated Text] Tegucigalpa, 31 Jan (ACAN-EFE) — Honduran President Carlos Roberto Reina today, Wednesday, dismissed German Aparicio, minister of communications, public works, and transport, to give "more dynamism" to his government, although the official blamed his dismissal on a campaign by Mexican construction firms.

In a news conference, Reina confirmed the dismissal of Aparicio, who held the post since January 1994, when the new administration took office.

The president stated that the new minister of communications, public works, and transport will possibly be Jeronimo Sandoval, manager of the National Enterprise for Electric Power, but he did not make Sandoval's appointment official.

Aparicio denied he has been "slow" in his administration.

On the contrary, he attributed his departure to the ill-intended influence of Mexican firms Sada-Rangel and Landa and Rubio, which are building a highway between San Pedro Sula and Puerto Cortes, on the north region, which is behind schedule due to financial and bureaucratic problems.

Aparicio cancelled construction contracts that the previous Honduran Government had signed with both Mexican companies, so Sada- Rangel initiated work to file a damage suit against the Honduran state.

The outgoing official said there are economic and political groups, that he did not identify, interested in his leaving his post.

Aparicio said that "in recent weeks there was an ill-intentioned campaign — and I know where it was started — and that is the one that weakened my position as public works minister. There is much interest on who occupies that post."

Two weeks ago President Reina dismissed Mario Maldonado as manager of the Honduran Telecommunications Enterprise and appointed Arturo Morales to that post.

Reina said said he has not yet accepted the resignation of Natural Resources Minister Ramon Villega who will dedicate himself to his political campaign for the presidential nomination of the governing Liberal Party in the 1997 general elections.

Honduras: Economic Disparity Prevents Integration

96CA0108A San Jose LA NACION in Spanish 8 Jan 96

[Article by Luis Alfredo Martinez — received via Internet]

[FBIS Translated Text] EFE, Tegucigalpa — According to various experts, economic disparities could prove more detrimental than border problems to the advancement of the integration processes on which the South and Central American countries have embarked.

The Spaniard, Xavier Paunero, from the University of Gerona (Spain) and the National Autonomous University of Mexico's (UNAM) Institute of Geography, claimed: "The will to achieve integration exists, and that is the basic point: the question is whether the economies will really withstand all this."

The Frenchman Pascal Girot, from the University of Costa Rica's (UCR) Geography Department, emphasized that, "The worst enemy of integration is not the border problem, but rather the great economic disparities that exist between one country and another." Both experts participated in the International Congress of Latin American Geographers, which concluded on Saturday in Tegucigalpa. Analyzed at it, among other topics, were environmental, historical, demographic, and ethnic issues.

Terrestrial and maritime border conflicts persist in Latin America, such as those between Peru and Ecuador, Colombia and Venezuela, Guyana and Venezuela, or Colombia and Nicaragua. Meanwhile, others have not completely disappeared (Honduras and El Salvador), and some appear to be worsening (Nicaragua and Honduras).

Paunero and Girot told EFE that the underlying cause of much controversy is that there are certain natural resources that are scarce, and access to them creates border disputes.

Girot remarked: "The countries are competing for the same resources," such as the fishing banks between Honduras and Nicaragua (in the Caribbean, and the Gulf of Fonseca in the Pacific), or between Nicaragua and Costa Rica, in the San Juan River basin.

He stressed that the economic issue "is the main obstacle," because the border issue is a "matter of lines and coordinates." Paunero recalled the case of the Beagle Canal, between Chile and Argentina, settled through arbitration by Pope John Paul II.

The Spanish geographer commented: "Those islands are of no interest to anyone, but the Antarctic projection

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is of interest, because it involves a larger portion of Antarctica, and in fact there is oil there." Nevertheless, the frozen continent has been declared the legacy of mankind. He emphasized that, "the problem does not lie in the borders; rather, it lies in the models of national development, which make it difficult" to integrate the Latin American countries completely.

Commenting on the Central American integration process, Paunero noted: "It is progressing too quickly with its intentions, but, in fact, the processes are exceedingly slow." The specialist attributed this slowness largely to the need for making reforms in the political constitutions and other laws of each country, to adapt them to the new system.

In his opinion, the Central American countries observe that "their closest partners (in the Free Trade Agreement and Mercosur [Common Market of the South]) are speeding up" their integration processes, and do not want to be left behind.

Girot indicated that Latin America is experiencing a period of "very rapid globalization," but claimed that those changes have not had an overall impact, "because they affect certain sectors and not others." He commented: "The capacity of those states to adapt to the new conditions differs to a great extent. There are some countries with more and some with less capacity for opening up to the market."

The UCR expert expressed the view that in Central America, where borders are concerned, the governments "should not allow the situation to continue as it has between Ecuador and Peru, where there is now an escalation of violence that could really reach a major conflagration." Nevertheless, he admitted that, in Central America, "I do not see the political climate being conducive to that," because the problems "are relatively easy to solve."

However, Girot added that "we are still quite far removed" from having the borders on the Isthmus eliminated, as they are in the European Union, where the process is taking "decades and decades."

He also questioned why the North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico does not provide for the free transit of persons, remarking: "The Rio Grande will continue to be a Berlin Wall as a result of that."

He claimed that NAFTA "is integration without people; it is integration only of capital and capitalists, merchants and industrialists."

Honduras: Regional Agreement Aimed at Fighting Crime

96CA0108B San Jose LA NACION in Spanish 17 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—The police forces of Central America have agreed upon new joint activities to combat the trafficking of illegals, drugs, arms, vehicle theft, and other crimes in the region.

The first activities were decided at the meeting held by the police chiefs of the Isthmus on Monday, in Tegucigalpa, although the details of the meeting and the final joint agreement were not released to the press by the Honduran Public Security Force.

Nevertheless, a police source who participated in the meeting reported that, among other activities, the forces of order will conduct joint operations to combat the trafficking of drugs and illegals, the clandestine sale of arms, and vehicle theft. For this purpose, they will receive technical and logistical assistance from the United States and Mexico.

A Honduran police officer stressed: "To take that action, the Central American countries will receive support from Mexico and the United States, which also have been affected by drug trafficking operations and the theft of cars circulating in the region."

The source remarked: "If the criminals are organized for drug and arms trafficking to the detriment of society, the police also are organizing to fight them relentlessly." Other participants in the police chiefs' meeting were representatives from the U.S. Drug Enforcement Administration (DEA) and the Federal Bureau of Investigation (FBI), as well as a delegate from the U.S. insurance companies with headquarters in Panama.

Braulio Rico, representative of the U.S. insurance companies in Central America, claimed that the companies are paying approximately $1 billion per year to owners of stolen vehicles: a situation that he considers "alarming." Another Honduran official noted that, in the Central American countries, over 2,000 vehicles are stolen annually, but maintained that this criminal activity would be drastically reduced with the action to be taken by the region's police forces.

The commander of the Honduran Public Security Force, General Roberto Lazarus, said that the meeting was held to implement an agreement reached among the Central American presidents at the 17th Summit Meeting convened in that country last December.

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In San Pedro Sula, in northern Honduras, the rulers signed a Central American Treaty on Recovery and Return of Vehicles Stolen, Robbed, Appropriated, or Held Improperly or Illicitly.

This instrument will facilitate and accelerate the procedures for the recovery of automotive vehicles in any country of the region; something which also represents a deterrent to the criminals.

The treaty stipulates a maximum period of 60 days for a person who has lost his car to be able to recover it, once it has been located.

General Lazarus stressed that the Central American civilian and military authorities have a commitment and an obligation to fight relentlessly the trafficking of arms, drugs, and illegals, as well as all types of crime perpetrated against stability and citizens' rights.

At the end of 1995, the police forces of Central America and Belize, in a joint operation with Mexico and the United States, seized a large volume of drugs, arms, and stolen vehicles.

Another task incumbent on the police is the search for extensive marijuana crops in Central America.

The region's authorities agree that the peasant in that zone prefers to grow marijuana rather than staple grains, because it is more profitable.

To destroy marijuana plantations, the Central Americans are negotiating for assistance from Mexico, with aircraft and chemicals.

The meeting of Central American police chiefs held in Tegucigalpa was attended by representatives from El Salvador, Nicaragua, Costa Rica, Panama, and Belize.

Honduras: Reina Calls For Maritime Monitoring System

96CA0108C San Jose LA NACION in Spanish 17 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—Yesterday, Tuesday, the president of Honduras, Carlos Roberto Reina, claimed that a special system must be established for operations to prevent conflicts in Caribbean Sea waters, the jurisdiction over which is being disputed between this country and Nicaragua.

During a press conference, the Honduran ruler remarked that "no one wants conflicts there," and that "it is not advantageous for either of the countries to heighten tensions in that zone." Honduras and Nicaragua have maintained a dispute, aggravated during the past few weeks, over their boundaries in the Caribbean. The lack of a definition for them has prompted armed incidents between Honduran fishermen and Nicaraguan military, the latest having occurred on 17 December.

The Honduran position is that the "traditional borderline" is parallel 14 degrees, 59 minutes, and eight seconds, or parallel 15, but Nicaragua claims that its jurisdiction extends to parallel 17, north of Honduran territory.

Reina and his Nicaraguan colleague, Violeta Chamorro, ordered the Binational Commission, formed by both governments, to settle the boundary problems. It is meeting today, Wednesday, in Managua, to resolve the current conflict.

On 17 December, four vessels and 109 Honduran fishermen were detained by Nicaraguan naval patrols, and approximately 300 more Hondurans were left abandoned on the open sea.

The fishermen were released, but the boats are still being held by the Nicaraguan Government, which is demanding $200,000 for their return, claiming that it will not tolerate "piracy" in its waters.

The Reina government maintains that the fishermen were working in the Honduran jurisdiction, but Nicaragua says that they invaded its waters.

Reina asserted that, in the disputed zone, "a 'modus operandi' must be established immediately to avoid friction," because, "if tension is heightened, the problem will become complicated." The Honduran president warned: "Such friction benefits no one, and could cause serious situations." He considers the determination of the maritime borders with nine countries a "priority" for his government.

He gave a reminder that, during the 1950's, both countries were at the brink of war over the implementation of the decision by King Alfonso XIII of Spain concerning the land border. It was ratified on 18 November 1960 by the International Court of Justice at The Hague.

Reina emphasized: "We are heading toward an integration process in Central America, and the lingering doubts about undefined borders must be dispelled." The chief of the Honduran Naval Force, General Bruno Fontana, has warned that, if the Nicaraguan military invade waters considered to belong to Honduras again, his country might "use force" to repel them.

Yesterday, in Managua, Fontana's warnings were described as "deplorable and truly uncalled for" by the Nicaraguan foreign minister, Ernesto Leal.

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Honduras: Discua Appointment Creates Controversy

96CA0108D San Jose LA NACION in Spanish 19 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—Yesterday, Thursday, human rights defenders in Honduras agreed that the appointment of the Armed Forces Chief, General Luis Alonso Discua, as delegate to the UN Security Council is a "misuse" of that representative position, which should be treated with care.

On Tuesday, the Honduran president, Carlos Roberto Reina, announced the designation of Discua, who will surrender the command of the military institution to General Mario Hung Pacheco at the end of January.

The Committee of Relatives of Missing Prisoners in Honduras (COFADEH) is of the opinion that Discua is seeking diplomatic immunity to evade possible trials for his presumed implication in human rights violations during the 1980's.

Discua was the first chief of Battalion 3-16, responsible for most of the 184 forced disappearances that occurred during that period, according to a report released in 1993 from the state's commissioner for human rights protection, Leo Valladares.

The official denies having been involved in cases of missing persons and other human rights violations, claiming to have a "clear conscience." Ramon Custodio, chairman of the Committee for the Defense of Human Rights in Honduras (CODEH), a private entity, told local reporters that this is "a misguided appointment," showing a "lack of respect for national and international public opinion." In his view, "it is a misuse of a prestigious space given to Honduras by the other countries" to elect him a nonpermanent member of the Security Council, a position that the country obtained in January 1995, and will retain for another year.

Commissioner Leo Valladares advised Reina that "this role in the Security Council should be treated with care, ensuring that it best serves the international cause, because one of its foundations is the defense of human rights." Selection as a member of the Security Council is considered by the government to be one of the country's principal accomplishments in foreign policy. It was planned since the two preceding administrations, of Jose Azcona and Rafael Callejas.

The commissioner added that the president is the one directing foreign policy, and, therefore, "if he has decided whether or not to appoint a particular person to a certain position of diplomatic representation, he must know why he is doing so."

Although he recalled that the officer had been the first chief of Battalion 3-16, Valladares claimed that Discua has the right "not to be prejudged regarding his guilt"; but rather, that this must be "determined in a trial." The Armed Forces chief said that the appointment would enable him to give advice on defense matters to the Honduran delegation in the Security Council, "something that is part of my profession." He also claimed that it would help him to apply "the experience that I have gained."

Honduras: ID Papers Reportedly Sold to Chinese

96CA0108E San Jose LA NACION in Spanish 18 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—According to various Honduran official sources, the sale of Honduran nationality and documents to thousands of Chinese is a $500 million business, instigated by the return of the United Kingdom's Hong Kong to China, set for 1997.

The case, considered by Honduran President Carlos Roberto Reina to be "one of the greatest scandals" of this Central American country, has been investigated by the police forces of Honduras, the United States, Hong Kong, and the United Kingdom (Scotland Yard).

The investigations have confirmed that it involves a network selling both authentic and false Honduran documents to Chinese in Hong Kong and Taiwan, supported by a decree for the sale of nationality issued by Rafael Callejas' government.

The chief of the Criminal Investigation Directorate (DIC), Wilfredo Alvarado, reported that the leading suspects in the operation are the ex-honorary consul of Honduras in Hong Kong, Julie Ng, and her husband, the Nicaraguan, Rene Contreras. Both had close ties with high-level members of the previous government.

According to the investigations, to sell nationality the Callejas administration opened bank accounts abroad in the name of the Central Bank of Honduras (BCH), so that the Chinese could deposit their money. However, some of the accounts, in fact, belonged to persons unidentified to date.

This is one side of the business, but Alvarado explained that, if an applicant did not meet the legal requirements for obtaining Honduran nationality, they would produce the documents for the person. That service would cost the latter as much as $100,000.

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Alvarado noted that the forgeries were being made both in Honduras, at a clandestine printing establishment, and in Hong Kong, where a seal forging machine was discovered. He added that the passports were being forged with paper manufactured at a state printing agency, now privatized.

Scotland Yard and the Hong Kong police have been investigating since last week, following the detention of six Chinese and the seizure of forged documents in that Asian city.

The DIC official, Gina Ramos, who participated in the Hong Kong investigations, specified that Honduran passports, identity cards, and driver's licenses were involved.

She added that the documents were sent from Tegucigalpa by a Taiwanese, who had been imprisoned several years ago for presumed forgery of Honduran documents and who may have escaped to the United States.

According to Ramos, the documents were intended for Chinese, who did not even come to Honduras but paid as much as $100,000 for them, whereas the decree stipulates a price of $25,000 for a head of family, and $3,000 for each dependent.

Ramos stressed that the whereabouts of the ex-consul and his wife are unknown, although they are believed to be in the United States. The couple could be sued for fraud by those who purchased forged documents.

The investigator remarked that, although only 25 passports sent from Honduras were found, it is known that "approximately 2,000 were issued in Hong Kong, after being prepared and delivered there." Ramos said that, in the investigations, "work will be done jointly with the British and Hong Kong police." She explained that there is not yet "any indication" that the forging of Honduran documents is linked to the drug traffic.

According to the official, the Chinese purchase Honduran nationality and documents in order to gain access to the United States, and because Hong Kong will cease to be a British colony in 1997.

She explained: "They want to have Honduran passports in order to leave and enter China freely," in view of the restrictions imposed by that country's authorities.

The ex-foreign minister, Ernesto Paz (who was imprisoned for his presumed connection with the official passport trafficking and other irregularities), submitted a report on the nationalization of Chinese to a court, before leaving office in April 1995.

Paz claimed that "the fraud of the century" represented over $500 million, a figure confirmed by President Reina at a press conference on Tuesday, when he said that "mention has been made of $5 billion" lempiras, a sum equivalent to the aforementioned amount.

According to the ex-foreign minister, only about 2,000 "Chinese-Hondurans" appeared in the official records, whereas, in fact, those benefited numbered 18,000.

Honduras: Hong Kong Police Confiscate False Documents

96CA0108F San Jose LA NACION in Spanish 18 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—Yesterday, Wednesday, in Tegucigalpa, an official source reported that the Hong Kong police had arrested six Chinese and confiscated several packages of forged Honduran documents. The latter originated in Honduras, and as much as $100,000 had been paid for them.

Gina Ramos, an official from the Honduran Criminal Investigation Directorate (DIC), who cooperated with the police operations in Hong Kong, specified that forged passports, identity cards, and driver's licenses had been seized.

The documents were sent from Tegucigalpa, via express mail, by members of a ring of traffickers of illegals, operating with connections in Hong Kong and comprised of both Hondurans and Chinese.

Ramos noted that the documentation was intended for persons who purchased Honduran nationality thanks to a decree issued by President Rafael Callejas' government, and for others who have not even been identified.

The decree which, according to the current Honduran authorities, gave rise to "the fraud of the century," stipulates the sale of nationality for $25,000 per head of family, and for $3,000 in the case of the latter's dependents.

Ramos claimed that many Chinese did not buy nationality, but paid "over $100,000 for the complete package consisting of a Honduran passport, driver's license, and ID card."

According to government investigations, in order to sell nationality, the Callejas administration opened bank accounts abroad in the name of the Central Bank of Honduras (BCH), so that the Chinese could deposit the money. Nevertheless, some of them, in fact, belonged to persons unidentified to date.

President Carlos Roberto Reina claimed this to be "one of the greatest scandals occurring in Honduras during recent decades," adding that his government "is obliged

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to investigate and punish the guilty persons." The DIC official indicated that the Hong Kong agents detained the Chinese and seized the documentation during raids on two dwellings in that Asian city.

Hong Kong police agents have been in Honduras since last week, working with local authorities on the investigation of the case.

Honduras: Illegal Indian Citizens Detained

96CA0108G San Jose LA NACION in Spanish
18 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—Yesterday, Wednesday, a source from the Criminal Investigation Directorate (DIC) announced that the Honduran police had detained 10 undocumented Indians who entered the country illegally from Nicaragua, bound for the United States.

The Asians were arrested on Tuesday, in the village of Guanacastillo, near the highway leading from it to the town of Choluteca, in the southern region of Honduras, as they were being transported to Tegucigalpa in a vehicle.

The DIC also captured the Honduran, Arnaldo Zelaya, and the Nicaraguans, Jeremias Delgado and Valerio Guzman, presumed members of a ring trafficking illegals, who were accompanying the Indians.

The source noted that the undocumented persons had entered Honduran territory by way of the Guasaule sector, on the Nicaraguan border.

He added that the Indians would be deported by the Immigration Directorate, while the other three will be tried in a Choluteca court for the crime of trafficking illegals.

This is the first arrest of undocumented persons made by the Honduran police in 1996.

The Honduran authorities thought that the trafficking of illegals would decline after the detention of the Peruvian woman, Gloria Canales, presumed ringleader of an international group that has sent thousands of undocumented foreigners to the United States.

Canales has been incarcerated in Tegucigalpa since early December, and the DIC is investigating the possible complicity of immigration officials in the trafficking of illegals.

During 1995, between 120 and 150 undocumented foreigners (Indians, Chinese, Peruvians, Ecuadorians, and Dominicans) were detained during their transit through Honduras bound for the United States.

According to sources at the U.S. Embassy in Honduras, approximately 10,000 illegals pass through the region annually, enroute to that country.

Honduras: Canales' Husband Detained

96CA0108H San Jose LA NACION in Spanish
19 Jan 96

[Received via Internet]

[FBIS Translated Text] Honduras (ACAN-EFE)—An official from the Criminal Investigation Directorate (DIC) reported that Dario Espejo, presumed chief of a ring trafficking illegals, whose wife is imprisoned in Honduras, was detained yesterday, Thursday, in Costa Rica.

Rene Ordonez, assistant to the DIC director, Wilfredo Alvarado, remarked that Espejo's transfer to Honduras is being negotiated through diplomatic channels.

Espejo is the husband of the Peruvian, Gloria Canales, who has been confined in the Women's Jail near Tegucigalpa since early December, following her arrest in Ecuador and extradition to Honduras.

A source from the DIC claimed that there is no certainty regarding Espejo's true nationality, although he may be a Peruvian naturalized as a Costa Rican.

According to the U.S. Government, Canales and Espejo are heads of what may be the principal ring trafficking undocumented persons to that country.

The Costa Rican Judicial Investigation Agency (OIJ) raided 14 dwellings that the couple maintained in that country, where it discovered documentation and other evidence of the trafficking of illegals. It submitted those materials to the Honduran judge, Vivian Lagos, who is handling the case.

The DIC and the Public Prosecutor's Office are investigating the possible complicity of high-level officials in the Honduran Immigration Directorate of the current and previous government.

According to stories published by the local press, Canales was bribing immigration officials throughout all of Central America.

A source from the DIC commented that Canales apparently is still running the traffic of illegals from jail.

The investigations of the couple were intensified after a confused incident that occurred in June 1995, when 14 undocumented Indians were detained during a supposedly covert operation conducted jointly by the Immigration Directorate and the DIC.

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Nicaragua

Nicaraguan Police Dislodge Students in Foreign Ministry

PA3101140996 Panama City ACAN in Spanish 1221 GMT 31 Jan 96

[FBIS Translated Text] Managua, 31 Jan (ACAN-EFE) — The National Police today dislodged about 300 university students who since Tuesday had taken over the Nicaraguan Foreign Affairs Ministry building. Official sources report that 90 students have been arrested.

Deputy Government Minister Frank Cesar told the press that the authorities requested the students to voluntarily leave the building, but were removed by force when they resisted.

The high-ranking official said that the students under arrest will be charged with various misdemeanors because they violated several international agreements.

The expulsion took place at 0330 (0930 GMT).

Government Minister Sergio Narvaez said that following the operation the police "rescued more than 80 Foreign Ministry officials and employees that were being held hostage."

The student take-over of the Foreign Affairs Ministry to demand an increase to the assigned budget for higher education, began at 1500 (2100 GNT) on Tuesday.

Among the persons held hostage was Pakistani Ambassador Manzar Shafio and Filipino Ambassador Clemencio Montesa, who were freed just before midnight on Tuesday.

The students had also freed some 50 women that do various tasks in the ministry building.

Nicaraguan Foreign Minister Ernesto Leal will speak at a news conference in the next few hours to report on the take-over and the police operation to clear the building.

Panama

Panama's ARI Encourages Local Private Investment

PA3101233296 Panama City Telemetro Television Network in Spanish 1730 GMT 31 Jan 96

[Report by Jose Gomez; from the "Telemetro Reports" newscast]

[FBIS Translated Text] The Interoceanic Region Authority's [ARI] main goal is to encourage Panamanian private investors to take advantage of and make the best use of the reverted areas.

[Begin ARI President Stanley Motta recording] We are still formalizing the project because we are trying to incorporate it under the general or regional plan, which is being prepared and needs the National Legislative Assembly's approval. We are also, however, developing the tourism plan for Fort Amador, which is taking shape. There are several hotels interested in the possibility of establishing there, and we are starting those negotiations. [end recording]

During the meeting with businessmen, ARI Administrator Nicolas Ardito Barletta spoke on the port, political, training, and industrial projects that ARI is promoting and developing, as well as on the progress of the master plan, which will determine the uses for the areas that are to revert in the future. A residential project is currently under development at Fort Espinar, consisting of changing the former U.S. military base on the Atlantic side into a new community for Colon residents.

[Begin Motta recording] The residents of Coco Solo will have to be moved because of a contract between the nation and the Evergreen company to build a container port. ARI has the duty to provide these residents with another home, and we are working on that process. [end recording]

The project for an export processing zone at Fort Davis is also under way. It is expected to generate jobs and exports. One of the local companies interested in investing is the Petroport company, which has received a concession from ARI to develop a project for the storage and distribution of liquid gas on Telfers Island, Cristobal Corregimiento, Colon Province.

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Argentina

Argentinian Daily on U.S. President's Speech to Nation

PY3101000496 Buenos Aires CLARIN in Spanish 29 Jan 96 p 14

[FBIS Translated Text] U.S. President Bill Clinton's remark that the era of "big government is over" cannot be interpreted as a concession to his Republican adversaries. The State of the Union message this year, which was received well by the majority of the population and taken as an early start to the imminent electoral campaign, afforded the Democratic President an opportunity to try a new version of his initial government proposal.

It is obvious, however, that the project of a "coherent society" had to be revised and updated, but taking less than what it appears from his adversaries' proposals because President Clinton and his assistants never left any doubts about the need to balance the fiscal budget and reduce the bureaucracy.

The emphasis on the issue, however, meets the Republican preelectoral offensive at a crossroads. Clinton, however, placed the issue within the context of principles that are quite different from those propounded by Bob Dole, the most likely Republican presidential hopeful, or Newt Gingrich, the most radicalized and anti-big government spokesman in economic terms and the best representative of the conservative wing in social aspects.

When Clinton speaks about the need to reduce the size of the state, he does not mean abandoning people to their fate. On the contrary, he says that inefficiency and expensive centralized organizations must be replaced by more efficient and less expensive community initiatives. He appeals to people's solidarity and responsibility. These are values that must be reestablished in a society that has gradually lost them due to many circumstances, among them, the uncompromising individualism that prevailed during the Reagan era.

It has not been proven that this formula can become a reality. Clinton's electoral vicissitudes in the mid-term congressional elections reflected the disillusionment of some groups among the population. Besides, economic indicators during the first years of his administration were not as good as expected. But Clinton continues posing his initial challenge that was central to his speech: Overcome the welfare state without abandoning people, as proposed by the policy of neoliberalism.

Beyond the possibility of becoming a reality, this theory, which sometimes is strangely absent in Argentine discussions, or is presented in anachronistic versions, is the subject of a basic concern for the leader of the greatest world power and his assistants. This is something to think about.

Argentinian Communique Praises UN Resolution on Iraq

PY0102015496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2155 GMT 31 Jan 96

[FBIS Translated Text] Buenos Aires, 31 Jan (NA) — The Argentine Foreign Ministry today expressed hopes that Iraq "will be able to fully return to the community of nations" and expressed satisfaction at the UN decision to implement a resolution introducing certain flexibility in the economic embargo imposed on that country after the Gulf war.

The Foreign Ministry this afternoon released a communique expressing its satisfaction regarding the announcement made by UN Secretary General Butrus Butrus-Ghali on "an early beginning of talks" between the international organization and the Iraqi Government "to implement Resolution 986 of 1995."

This resolution, which was "actively" supported by Argentina when it was a Security Council member, establishes certain "flexibilities" in the economic embargo imposed by the United Nations against Iraq, particularly "to mitigate the negative effects" on the civilian population.

Among other things, the resolution permits a lifting of restrictions on medicines and some food items in order "to alleviate the consequences" of the embargo on the Iraqi population.

The Foreign Ministry pointed out that Argentina "supports UN actions that seek to maintain international peace and security as established in Chapters 6 and 7 of the UN Charter."

The Foreign Ministry added that "economic sanctions established by the Security Council must, as much as possible, contain clauses that permit a mitigation of the humanitarian consequences of such measures on the civilian population of the sanctioned country."

The communique says that "Argentina hopes the talks (between the United Nations and Iraq) will permit a rapid implementation of Resolution 986 in order to improve the humanitarian situation of the Iraqi people."

The Foreign Ministry says "likewise, it expects that the Iraqi Government will fulfill all Security Council resolutions as soon as possible in order to be able to fully return to the community of nations."

The Foreign Ministry recalled that Argentina, as a UN Security Council member during the 1994-95 period,

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"actively participated in the drafting of the initiative, as well as in the negotiations that permitted the unanimous approval of Resolution 986."

Argentinian Officials To Speak at Seminar in London

PY3001171496 Buenos Aires TELAM in Spanish 1147 GMT 27 Jan 96

[FBIS Translated Text] Buenos Aires, 26 Jan (TELAM) — Foreign Minister Guido Di Tella will be the keynote speaker at a seminar entitled "Argentina's Future: Menem's Second Presidency," to be held at the University of London on 1-2 February, according to information made public by the Foreign Ministry.

Di Tella will be giving the opening speech at the seminar organized by the University of London Institute of Latin American Studies at 0900 GMT (1300 local time) on 1 February. This seminar will feature Argentine Government officials, political leaders from the opposition, professors, and researchers.

The speakers addressing the seminar include Interior Minister Carlos Corach; Labor Minister Armando Caro Figueroa; Carlos Magarinos, Economy Ministry industry and mining secretary; Horacio Liendo, Economy Ministry legal, technical, and administrative coordination secretary; Foreign Ministry Secretary General Andres Cisneros; and University Planning Under Secretary Juan Carlos del Bello.

Senator Jose Bordon (Frepaso [Front for a Country in Solidarity] Mendoza Province), Deputy Federico Storani (Radical Civic Union [UCR],-Buenos Aires Province), and former Interior Minister Gustavo Beliz — who recently deserted from the ranks of the Justicialist Party — will also attend the seminar at the University of London.

Deputy Foreign Minister Fernando Petrella told TELAM news agency that "this is a most important seminar because it will enable British professors to have first-hand information about Argentine reality."

Petrella went on to say: "It is a seminar which will cover major aspects of Argentina's democratic thought, which is of the utmost importance."

The deputy foreign minister considered that the fact that so many Argentines will have to travel to London "will help to further mutual trust and personal ties, concerning all that must be reconstructed following the reestablishment of diplomatic relations" between Argentina and the United Kingdom.

The topics of the speeches to be delivered at the seminar include: "The New Constitution," by Minister Corach and Deputy Storani; "The Executive Branch and Congress under the Menem administration," by Beliz; "Labor Policy," by Minister Caro Figueroa; "The Role and Identity of the UCR," by Deputy Storani; "The Impact of the Democratization and the Consequences of the Cold War in Relations between Argentina and Britain," by Senator Bordon; "Lessons of the 1995 Financial Crisis," by Jose Luis Machinea, former Central Bank governor under the UCR administration; "Argentine Current Economic Policy and its Alternatives," by Ricardo Lopez Murphy, UCR economist; "Argentine Industrial Policy," by Magarinos; and "Education Plans for the Future," by del Bello.

Bernardo Kosacoff, a researcher from the Economic Commission for Latin America; Rosendo Fraga, a political analyst; and Felix Pena, a director from the Argentine Council for International Relations (CARI) will also participate in the seminar, which is cosponsored by the Argentine Embassy in London, the Argentine Foreign Ministry, the UK Embassy in Buenos Aires, the British Council, and the UK Foreign and Commonwealth Office.

Argentinian Editorial Questions Falkland Islands Policy

PY2701010096 Buenos Aires CLARIN in Spanish 26 Jan 96 p 10

[Editorial: "Diplomatic Advances and Questionable Methods"]

[FBIS Translated Text] The official policy relating to the Malvinas [Falkland] Islands has resulted in some achievements that, without modifying the British position regarding sovereignty, can be highly commended. Moreover, they could be affected by procedures that could be at odds with the traditional principle of diplomatic seriousness.

Britain's emphatic refusal to discuss the topic of sovereignty was recently reinforced by the most representative leaders of the Labor Party, who made it clear that their position will also be inflexible in the event they succeed the Conservative Government.

In September Argentina signed an agreement on the exploration and exploitation of oil and gas in the waters surrounding the islands that implicitly means an acknowledgement of the right to operate in the region. At the time, we considered this to be an advance that had been achieved as a result of the recognition of reality and the pragmatism of the two parties through mutual concessions. But, we also stress that the fact that Great Britain has reaffirmed its position of excluding sovereignty as a topic for discussion.

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In November President Carlos Menem met with British Prime Minister John Major and this meant another step forward in relations, but once again without affecting the question of sovereignty.

The Argentine Foreign Ministry has tried to overcome this obstacle that has been a topic in the formal negotiations through a more or less informal attitude that has been included in what has been called a strategy of "seduction." Greetings were sent to the inhabitants of the islands as a part of this strategy, and offers were made to persuade the islanders to accept eventual Argentine sovereignty. During the last few weeks, another step was made with the sending of photographs of Foreign Minister Guido Di Tella's relatives and with the visit of one of his daughters to the islands.

These initiatives imply an eye-catching combination of diplomacy and family gestures that has generated well-founded doubts. The same thing occurs with regard to the effectiveness of the initiatives, because these gestures of rapprochement have been met with generally adverse responses on the part of the islanders.

Therefore, the path that has been taken does not seem to be the most adequate one. On the contrary, the importance of relations with Great Britain and discussion of the Malvinas situation demands that advances be made through conventional procedures and thus avoid actions that can cast doubt on the professionalism and seriousness of our diplomacy.

Argentina's Di Tella on Tenure as Foreign Minister

PY0102003396 Buenos Aires TELAM in Spanish 1613 GMT 31 Jan 96

[FBIS Translated Text] London, 31 Jan (TELAM) — Foreign Minister Guido Di Tella said that his five years at the head of the Foreign Ministry, which concludes today, have been very fruitful thanks to the many changes implemented by the government.

Di Tella told TELAM in this city: "These five years have been very fruitful thanks to all the positive and necessary changes implemented by the administration of Carlos Menem, who defined our priorities very clearly."

Di Tella replaced Domingo Cavallo at the head of the Foreign Ministry on 31 January 1991. Di Tella was ambassador to the United States and defense minister during the Carlos Menem administration.

The Argentine foreign minister said: "Our achievements are clear: Today we are respected around the world."

Di Tella, who last night met with his British counterpart Malcolm Rifkind, said humorously: "I survived all newspaper conspiracies."

Di Tella met this morning with Deputy Prime Minister Michael Heseltine within the framework of his visit to London.

Di Tella said: "We discussed the possibility of British investments in Argentina and the evolution of bilateral trade."

Tomorrow the Argentine foreign minister will inaugurate a seminar at the University of London. He will speak on "The Future of Argentina: the Second Administration of Carlos Menem."

Bolivia

Bolivian Minister on CIA Involvement in Antidrug Fight

PY0102002596 Cochabamba LOS TIEMPOS in Spanish 23 Jan 96 p A2

[FBIS Translated Text] Foreign Minister Antonio Aranibar Quiroga said on 22 January that Bolivia will not object to a qualitative increase of CIA involvement in the struggle against drug trafficking, although always respecting certain rules of the game, which have not been defined yet.

"The CIA director talked with us about their interest in continuing and intensifying the process of joint cooperation between the U.S. and Bolivian governments to fight drug trafficking. The U.S. agency, within this framework, must discuss the possibility of strengthening that cooperation with our country's drug enforcement organizations," the foreign minister said.

The foreign minister, just as U.S. Ambassador Curtis Kamman before him, denied any increase in the number of CIA agents deployed in the country to fight drug trafficking and terrorism. Aranibar said CIA intelligence activities will increase, although only after defining many and new aspects.

"What this new activity will consist of, its magnitude, what it will encompass, or what it will accomplish have not been defined yet," Aranibar Quiroga said. The minister denied a foreign news agency report saying that the number of CIA agents in Bolivia would increase.

The declaration of both officials permits us to conclude that the presence of CIA agents in the country is a reality, even though the number of agents who will come to Bolivia is still unknown. According to Ambassador Kamman, in the future the CIA and DEA will work together in intelligence activities. It will be a combined fight against drug trafficking.

The foreign minister said the decision to reduce the economic aid assigned to fight the illegal trade and the

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increase in interdiction activities through these two very questioned organizations (CIA and DEA) was a "reality of current U.S. foreign policy."

Aranibar said that within this context, what the Bolivian Government must do is to propose, as it did on several occasions earlier, the need for a joint struggle against drug trafficking, with the corresponding consequences and meaning.

The foreign minister recalled that during the ceremony to transfer the Rio Group Pro Tempore Secretariat to Bolivia, he made "a vehement call to continue working on this issue, stressing the need for an effective multilateral struggle against drug trafficking and the need to increase our countries' capacity to negotiate with the United States on equal terms."

Legislators' Sensitivity

The announcements saying that the CIA would increase its activities in Bolivia within the framework of "a new strategy" to fight drug trafficking touched a raw nerve among legislators.

Deputies Oliverio Iriarte (MNR) [Nationalist Revolutionary Movement], Armando de la Parra (FRI) [Revolutionary Front of the Left], and Sergio Medinacelli (MIR) [Movement of the Revolutionary Left] commented on the matter on 22 January, although in a very cautious manner.

Preserve Sovereignty

Iriarte said the issue is one of foreign relations and must be handled according to bilateral agreements signed between Bolivia and the United States.

"The participation of the CIA in the fight against drug trafficking will be positive if it is realized within the framework of an agreement for cooperation and training, not for intervention or operations in Bolivia," Iriarte said.

Political Instrument

Deputy Armando de la Parra (FRI) expressed regret at the fact that DEA activities in the country will now be complemented by the CIA, which is an institution dedicated exclusively to political activities.

"It is disturbing to see the CIA openly intervening in this struggle, not surreptitiously, as before. We regret President Sanchez de Lozada's authorization to the CIA to interfere in our political matters," Armando de la Parra said.

According to him, the North Americans are sending "their CIA" to Bolivia and Colombia and not to Peru. "It seems that only Peru has the capacity to defend its integrity and sovereignty," the deputy concluded.

Bolivian Daily Views U.S. Visa Denial to Ex-President

PY3101172296 Cochabamba LOS TIEMPOS in Spanish 21 Jan 96 p a11

[From the "Points of View" column: "The U.S. Veto" by Arturo Montes O.]

[FBIS Translated Text] Many interpretations have been given to the decision of the U.S. Government to cancel the visa of former President Jaime Paz Zamora. Some of these interpretations are fitting, but others are not. Without underrating the validity of these interpretations, we wish to suggest another that has not been evaluated within the context of U.S.-Bolivian bilateral relations pertaining to the fight against drug trafficking. The attitude of the United States could be interpreted as a clear sign of the disgust that has invaded certain levels of the U.S. Administration regarding the lack of a decision by the Bolivian Judicial Branch regarding the "narcolinks" involving the main leaders of the MIR [Movement of the Revolutionary Left] in their dark web.

It has been nearly two years since the scandal was unleashed, a scandal which moved Bolivian public opinion and tainted Bolivia's international image. The court that is trying the case seems to have lost itself in a haze of contradictions and a lack of firmness that does not allow it to hand down a sentence. What in the beginning seemed to have the support of undeniable proof for the sentencing of those who are on trial slowly began to lose its initial drive, which even achieved the resignation of Paz Zamora as head of the MIR and the announcement of his "irrevocable" determination to definitively withdraw from public life.

From that time on neither the narcotics prosecutor's office nor the judges that are hearing the case have been capable of clearing up this matter and handing down a sentence in accordance with the law. On the contrary, the trial has become bogged down in the courts, while public opinion increasingly believes that there has been a plot aimed at destroying the MIR and gratuitously dishonoring its top leaders, including Paz Zamora himself. Paz Zamora has now returned to the party's leadership and become an accuser, not the accused, and he has quickly recovered his bad image. He has also acquired a certain level of acceptance among the population concerning his expectations about the 1997 elections.

It is precisely the outcome of this situation that could explain the U.S. reaction in which one can feel an underlying censuring not only of the exasperating tardiness

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of Bolivian justice but also the government's lack of efficiency in handling the matter by allowing a loss of control and turning the matter on itself like a boomerang [preceding word in English], thus throwing to the winds all the efforts to annihilate the MIR and, even worse, provoking its strengthening in view of its future aspirations.

The Yankee veto against Paz Zamora, which far from harming him could benefit him as has happened up to now, carries an implicit message for the Nationalist Revolutionary Movement government that it must not only radicalize the policies for repression against drug trafficking (read coca growers), but it must also obtain a quick sentence in the narcotics trial by exercising every type of pressure, including illegal pressure, to obtain an outcome.

But, it is not only that. It is also a clear warning for all other political forces to discourage them from any type of rapprochement with the MIR when alliances are formed with an eye to the 1997 elections. In other words, it seeks to isolate the MIR in complete solitude in order to cause its inexorable extinction.

Bolivia Asks European Nations for Money To Fight Drugs

PY0102022896 Madrid EFE in Spanish 2118 GMT 30 Jan 96

[FBIS Translated Text] La Paz, 30 Jan (EFE) — Alvaro Moscoso, Bolivian ambassador to Belgium and the EU, has announced that the Bolivian Government asked European countries for $100 million in assistance to fight drug trafficking and ensure the gradual replacement of the coca economy.

During a visit to Cochabamba, located 383 km from La Paz, the ambassador said that the main international aid to fight drug trafficking in Bolivia comes from European countries.

The ambassador said that Bolivian President Gonzalo Sanchez de Lozada wrote a request explaining the country's priorities in this field and the need to have those economic resources.

Moscoso said that in the past few years Bolivia signed seven agreements with the EU, securing nearly $40 million per year to develop the country.

The ambassador also said that the country signed, among other things, a cultural and educational cooperation agreement with the French-speaking community in Belgium that includes the commitment to give scholarships and produce cultural programs for Bolivia.

The ambassador said that the most significant EU cooperation in Cochabamba is for an inter-Andean valleys development program that includes investments of nearly $20 million.

The ambassador visited various departmental capitals in Cochabamba to coordinate the Rio Group agenda and report on possible foreign financing and EU cooperation programs.

Brazil

Brazil's Foreign Minister Outlines Policy Priorities

PY3101151396 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Jan 96 Section 1 p 2

[Commentary by Foreign Minister Luiz Felipe Lampreia: "A Foreign Policy Project for 1996"]

[FBIS Translated Text] During a press conference on 17 January, President Fernando Henrique Cardoso outlined the basic framework within which Itamaraty [Brazilian Foreign Ministry] has been working to implement the government's foreign policy.

The president described some of the points that are more effective for promoting our foreign policy objectives, for building a positive image of Brazil in the eyes of our partners, and for promoting their interest in our country, which they showed in such a diversified manner in 1995.

Such points are the people's support for the government; the stability of the economy; the growth of the economy, despite the problems in some sectors; the calm way in which contingencies have been dealt with, like the financial crisis that affected Latin America; specific topics like the trade imbalance; the indications of maturity and balance in the handling of political and administrative affairs; and the determination to continue with the structural reforms that are essential for consolidating stability and growth, for promoting domestic and international productive investment, and for making Brazil a more competitive, dynamic country.

Those points are coupled with the maturity of Brazilian democracy — which translates into two factors that are strongly appreciated in the competitive world of globalization: stability and clearness — and with the pragmatic and impartial approach to social matters, without populist formulas, with emphasis on education — the great victory of successful countries — and without disregarding human rights.

Moreover, in 1995 we strengthened our international credibility, as was reflected by the Brazilian membership with the MTCR, the Missile Technology Control Regime. Consequently, in 1996 there will be an almost

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ideal stage for a large developing country like Brazil, in a world marked by economic integration, globalization, and by an intense search for new or renewed partnerships. In this area, our foreign policy will continue to be an instrument for the stabilization project with sustained growth.

It is also on this stage that we will continue with the work to renew or revitalize our main international partnerships, following the visits that the president made in 1995 to Japan, Argentina, France, Canada, and Italy.

We will also strengthen our commitment to new and important partnerships — with India and South Africa — which for reasons that we will not mention here have remained overshadowed.

Presidential diplomacy will remain a central factor for promoting our interest abroad, because it proved efficient for mobilizing government and economic agents, and for promoting initiatives and political will in countries that are important for our international trade, or for the investment and technology that we need.

Balance and relevance remain the guiding principles for selection of our diplomatic objectives. While we will concentrate our attention on our neighbors in the continent — South America — we will intensify our Asian policy, and we will continue to explore the opportunities that appeared in Angola, Mozambique, and South Africa, — reflecting an "African renaissance" — and in the Middle East, now in a pacification process. Mercosur [Common Market of the South], the United States, the European Union, Japan, China, and Russia will remain our focal points.

The intense multilateral efforts made in the 1990's have been supplemented by the classical bilateral approach, which we have strengthened through presidential diplomacy. In 1996, most of our diplomatic efforts in the economic area will focus on regional integration and on the consolidation of Mercosur — including Mercosur relations with other countries or regions.

Within the WTO, Brazil will strongly defend its foreign trade interest, seeking to promote competitiveness, equitableness, and "fair play" for access to markets, coupled with prudence for consolidation of the real. Hemispheric integration, with follow-up work on the Miami and Denver summits, is another priority area for Brazilian multilateral diplomacy, combining a political effort to promote and preserve democracy, and an economic effort to promote integration and commercial liberalization. This economic effort must be carefully evaluated and adjusted to our efforts to consolidate Mercosur and to promote its partnerships all over the world.

In 1996, Brazil will have to make a strong effort of participation and meditation at the United Nations, which did not complete a project for reforming and strengthening its organs and for improving its efficiency.

Consequently, our agenda remains busy and diversified. It is a natural result of Brazil's specific weight and international importance. Yet it is also the result of what we are doing in our country.

The continuity of the good results that we obtained abroad, and the consolidation of the qualitative change in the Brazilian image and in the place that Brazil occupies in the international community depend, to a considerable extent, on the continuation of the work in this internal project.

Brazilian Daily on Cardoso's India Visit, Nuclear Accord

PY3101234196 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Jan 96 p A3

[Editorial from the "Notes and Information" Page: "A Simply Political Visit"]

[FBIS Translated Text] President Fernando Henrique Cardoso went to the other side of the world to sign an agreement with India on mutual support for India's and Brazil's desires for permanent seats on the UN Security Council. The president said Brazil is not trying to obtain a seat, and that it is simply offering to assume broader responsibilities at the international organization. He said this after approving a joint statement saying that both India and Brazil should have a seat on the Security Council. These are nice words. The artificially unassuming position of Brazilian diplomacy has never been any less than embarrassing. India wants a seat; Brazil wants India's support and the way to obtain it was through reciprocity. Brazil had to accept the problem the way it was described by New Delhi, that is, calmly and impartially.

Consequently, the president's visit to India was of a political nature. Its objectives, which concentrated on the reform of the United Nations, were therefore limited: the reform might occur, though it is not known when it will occur, and its scope is still to be defined. Summarizing, very few countries have chosen the reform of the United Nations as the central point of their external agenda, and Brazil decided to take advantage of its own eccentricity. For India, the Brazilian position represents a step forward.

A substantive benefit for India was Brazilian support for its position on disarmament and on the Nuclear Nonproliferation Treaty [NPT]. Advocating world nuclear disarmament, and calling for negotiations on the total

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elimination of all nuclear weapons in the short term is almost like restoring heaven on earth. Anyone reading the files of the Disarmament Conference in Geneva will see that every country in the planet has asked for the same thing at least once. However, it is still necessary to keep nuclear disarmament as a banner. It keeps the ideal alive and progress is made from time to time. It is strange, however, that Brazil should have aligned its position on disarmament and on the NPT to the position of India.

India has already detonated a nuclear weapon, and it has the technology and the technical and industrial ability to produce as many bombs as it wishes. India has engaged in a nuclear race with Pakistan. Brazil did not sign the NPT as a matter of principle. India did not sign it because it detonated a bomb and has reserved for itself the right to produce as many bombs as it wishes. It is impossible to say the two countries follow the same guidelines in this subject. Of all the countries on the planet, including the microstates of the Pacific and Caribbean, only half a dozen have not yet signed the NPT. Among them are India and Brazil. None of the others is a declared nuclear power. By failing to sign the NPT when the treaty was reviewed, Brazil remained on the wrong side due to respectable principles. By aligning its position to that of India, Brazil is in bad company.

The Brazilian Government does not seem to be very happy when nuclear affairs are made public. It is sufficient to recall the general discomfort caused by the leak that President Fernando Henrique Cardoso would sign a "nuclear agreement" in New Delhi on the production of nuclear fuel out of thorium. None of the authorities who spoke about the "agreement" seemed to know what they were talking about. Improvised statements gave the issue an importance it never really had. At first the U.S. Government, which follows a strict nuclear nonproliferation policy, was annoyed at the news. In light of so many contradictions, however, the U.S. Government was wise enough to realize that the report sought to emphasize the importance of the Brazilian president's visit to India.

Two lessons can be learned from this incident, if we can call it an incident. First, calculated leaks of reports on nuclear subjects need political and technical backing so that their effects are not opposed to those originally expected. Second, officials should not submit the president, while on a visit abroad, to the embarrassment of having to comment on what is still being analyzed with his peer. It remains to be seen whether the recent interest in the thorium technology will survive the enthusiasm caused by the return from New Delhi. In the final analysis, the government 10 years ago ended the activities of a team of scientists — by dispersing them — who had for decades studied obtaining energy from monazitic sand. The sudden and renewed interest in the technology for transforming thorium into nuclear fuel is not necessarily part of the nuclear cooperation agreement signed by the two countries. If it was not an excuse for emphasizing the importance of the president's trip, it represents an important tilt in the orientation of the Brazilian nuclear policy.

Article on Brazilian Presidents's India Visit, Argentina

PY0102020196 Sao Paulo GAZETA MERCANTIL in Portuguese 29 Jan 96 p A7

[Article by Rodrigo Mesquita in New Delhi]

[FBIS Translated Excerpt] In addition to marking Brazil's presence in the international scenario, President Fernando Henrique Cardoso's trips abroad are also an answer to the intense diplomatic actitivities of our Argentine neighbors. One of Cardoso's closest advisers has told this newspaper: "Menem (Argentine president) goes around saying that everything in Argentina is better than in Brazil."

Diplomatic sources, who are more moderate, have confirmed that Argentina is actually seeking a foreign policy of self-affirmation by pointing out negative aspects of Brazil. Such is the case with Brazil's high level of illiteracy. "We cannot stand still and continue lying in a splendid cradle [reference to the Brazilian national anthem lyrics] while the world moves on," said one of the highest-ranking diplomats who accompanied Cardoso on his trip to India. He added that Brazil's foreign policy, however, is not ruled by Argentine policy.

What Brazil actually seeks is to establish partnership with countries of a similar size and importance, as Cardoso pointed out in New Delhi on 27 January when making an evaluation of his trip. These partnerships are translated into accords such as the nuclear one signed with India. The Brazilian Government sought to minimize the importance of this memorandum of understanding, aware as it is of the negative repercussions such an issue awakens.

Another Itamaraty source explained, however, that this accord is fundamental. Through it, Brazil is consolidating a new model of cooperation for the nuclear area. The previous model, consolidated in the Brazilian-German treaty for the construction of Angra 1, 2, and 3, implied the purchase of a closed technology package that resulted in a very small transfer of knowledge to our country.

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Despite all that, Brazil has been able to develop some nuclear technology in the last 20 years and can now seek partners among countries that have a similar, or slightly superior, level of nuclear development, such as India and, in the future, the PRC, the diplomat added.

The final terms of the joint declaration and the accords that have been reported separately, have surprised — in a positive manner — the members of the Brazilian delegation who expected more modest results from this first visit of a Brazilian president to India. The Brazilian delegation expected, for example, only a generic reference to the need for modifying the UN Security Council.

Cardoso himself tried to minimize the importance of the issue by saying, on the day he arrived in India (24 January), that Brazil was not a candidate for a seat at the Council. The following day, in talks held with journalists, Cardoso made clear, however, that something was being changed. Asked whether the issue would only be superficially dealt with, he said: "There will probably be something more than that; isn't that right, Sardenberg (Strategic Affairs Secretary Ronaldo Sardenberg)?"

In the final declaration, Brazil and Indian made clear that they are candidates for a permanent seat at the Security Council. Their tactics to obtain this seat, however, are quite different. "The Indians consider the issue a priority, but we believe that it only makes sense within the context of a complete reform of the UN system," Brazilian Ambassador to New Delhi Luis Felipe Macedo Soares explained.

From the trade viewpoint, the trip did not have immediate results, but this was not the objective of the trip to begin with. Except for the accord on plant health (which will probably be signed in 30 days), which will allow Brazilian cattle raisers to import bull semen and grant better conditions for the country to export chicken to India, and the establishment of a trade council to determine future business prospects, the results of this trip will only be felt in the medium term.

This is what has happened with the PRC, for example, Ambassador Macedo Soares explained. Only now, 10 years after the visit of then President Joao Figueiredo to that country, have relations between the two countries begun to bear fruit. [passage omitted]

Brazilian Minister Says Ties With Argentina 'Priority'

PY0102004496 Madrid EFE in Spanish 2201 GMT 31 Jan 96

[FBIS Translated Text] Brasilia, 31 Jan (EFE) — Relations with Argentina constitute "a priority par excellence" for Brazil, said Brazilian Foreign Minister Luis Felipe Lampreia today.

Lampreia thus rejected the possibility of an alleged setback in relations with Argentina as a consequence of the Brazilian decision to expand the dollar exchange rate band, which could somewhat affect the bilateral trade balance.

The minister said that there is a permanent and direct dialogue between the foreign and economy ministers of the two countries. He could not, however, say whether the Brazilian Government had informed Argentina beforehand of the 7 percent exchange rate band change.

Lampreia also pointed out that although the two countries are carrying out similar economic processes following the same orientation, it is impossible to adopt identical policies because Brazil and Argentina have different needs and expectations.

During a meeting with foreign journalists, the Brazilian foreign minister also said that the most feasible way out for Brazil and Argentina is integration within the framework of the Common Market of the South, Mercosur.

He said that Argentina, Brazil, Paraguay, and Uruguay are currently more important countries with greater prestige in the world thanks to the Mercosur and its accomplishments.

When asked whether Brazil will insist on its aspiration of holding a seat at the UN Security Council, knowing that Argentina has the same hope, Lampreia said that his country will not do anything that could affect bilateral relations.

He stressed that Brazil has not presented its candidacy and that it has limited itself to proposing a dialogue regarding the reforms that are necessary in the UN Security Council.

Brazil Informs Argentina of Exchange Rate Change

PY0102002696 Sao Paulo AGENCIA ESTADO in Portuguese 2217 GMT 31 Jan 96

[FBIS Translated Text] Brasilia, 31 Jan (EFE) — Brazilian Finance Minister Pedro Malan informed Argentine Economy Minister Domingo Cavallo at 2200 on 30 January of the change in the exchange rate band in Brazil.

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Contrary to what happened on other occasions when the exchange rate band was modified, this time Cavallo was informed of it after the measure was announced in Brazil. According to Brazilian Central Bank sources, it was just a precautionary measure by Minister Malan to prevent the Brazilian Government from again being accused of leaking classified information.

The Brazilian Government today spent the day attempting to transmit calmness to the market and explaining the effects of the change in the exchange rate band. "It was just a measure of flexibility in the band," said President Fernando Henrique Cardoso during an audience he granted to businessmen George David, from the U.S. company United Technologies, and Mario Amato, former president of the FIESP [Sao Paulo State Federation of Industries] and CNI [National Confederation of Industry]. "We want to demonstrate that we are not tying the economy to anything," the president added.

[Passage indistinct] to devaluate the real. "There was simply a change in the dollar exchange rate fluctuation band," said presidential spokesman Sergio Amaral. "The government is not concerned about that enchantment with a parity between the dollar and the real," he said. According to Amaral, the government will not maintain the exchange rate at an artificial level. However, he added, "the exchange rate policy is not subject to export objectives."

Brazilian Arms for Export Said Used by Local Traffickers

PY0102000196 Rio de Janeiro O GLOBO in Portuguese 28 Jan 96 p 34

[Article by Antonio Werneck]

[FBIS Translated Text] Weapons and ammunition manufactured in Brazil for export may be staying in the country. This suspicion is being investigated after weapons, which only the Armed Forces are authorized to use domestically, have been seized from Rio de Janeiro drug traffickers. This information is included in a confidential report on investigations conducted over the past two years by the Army Intelligence Service and by Federal Police agents. Through close surveillance in Rio de Janeiro on the activities of drug traffickers and smugglers, the authorities have discovered a network of foreign trade companies used to front the illegal arms trade.

These companies allegedly forge sales notes and export permits in order to get hold of the shipments. As a result, shipments of pistols, revolvers, rifles, grenades, and heavy-caliber ammunition manufactured in Brazil for export have been crossing the border only on paper: In fact, they are ending up in the hands of traffickers. The main reason for this is financial gain: On the Rio de Janeiro black market an AR-15 rifle makes three times the legal price.

One enterprise being investigated belongs to Brazilian entrepreneur Delson Fernando Di Susa, a former military officer, who currently lives in Miami. His company is suspected of mediating in illegal trade between Brazilian weapons manufacturers and big-time weapons and ammunition traders in Latin America and the United States. The investigations are being conducted by Brazilian policemen assisted by the FBI. U.S. officials, like the Brazilian Government, are worried about the large amount of weapons found in the hands of criminals.

Susa has been in hiding since he was sentenced to prison last year. His name has been linked to that of retired Air Force Colonel Latino da Silva Fontes, who was caught in 1995 with 30,000 cartridges for AR-15 and AK-47 rifles. The ammunition, which was found in a truck that left Sao Paulo for Rio de Janeiro, was part of an order. Aloisio Russo Junior, a Rio de Janeiro Civil Police agent, was also indicted as was Navy Lieutenant-Captain Silvio de Souza Aguiar. They are suspected of supplying weapons to criminals.

Federal Police investigations show the ammunition should have been delivered to Rubenil Thomaz da Silva, who checks shipments arriving at the Rio de Janeiro port. Thomaz da Silva was killed last year during a shootout with Federal Police agents. He should have delivered the weapons to traffickers who operate from the Providencia Hill and Dende Hill slums. The police believe Susa was the link between Silva Fontes and the weapons manufacturers.

A report by Federal Police Inspector Antonio Carlos Rayol, of the Police Precinct for Prevention and Repression of Financial Crimes — to which O GLOBO had access — states that Brazilian-made weapons exports reached record levels in the last two years. The arms were sold to entrepreneurs in Miami and South America.

Through consultation with the Foreign Trade Department of the Industry, Commerce, and Tourism Ministry (Decex), the police discovered that between July 1994 and April 1995, the Brazilian companies Rossi and Taurus, alone, exported a large amount of weapons to Paraguay. A shipment of 21,512 weapons, the sale of which is forbidden in Brazil but which is free in Paraguay, was delivered to a single store in Pedro Juan Caballero (on the Brazilian border across the town of Ponta Pora, Mato Grosso do Sul State). Among the weapons were 9 mm, .45, .40, and .357 (magnum) auto-

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matic pistols and shotguns. Some weapons in this shipment were later seized in Rio de Janeiro.

This case can be added to another, which is being investigated by Army Intelligence Service agents. After finding an M-4 grenade in the hands of traffickers from the Rocinha slum, the agents decided to track the shipment to which it belonged. They did so through the grenade number. The grenade was one of 30,000 manufactured by Valparaiso, a Sao Paulo-headquartered company which manufactures explosives. They found the shipment should have gone to Libya through a transaction with Exportadora S.A. The shipment never reached Tripoli: Part of it went to Honduras to be used by local guerrillas, and the rest went to reinforce the firepower of Rio de Janeiro drug traffickers.

Brazilian Physicist Views Scientific Document on Sivam

PY0102015896 Sao Paulo ISTOE in Portuguese 31 Jan 96 p 32

[FBIS Translated Text] It is a 15-page document, double spaced. In broad strokes, the document prepared by the Brazilian Society for Scientific Development (SBPC) presents a sketch of the Brazilian-made Sivam [Amazon Region Surveillance System] project. ISTOE published an advance report on the contents of this document two weeks ago. The SBPC document will be handed to the senators who comprise the super committee that is investigating the Sivam. "The scientific community wants to influence the decision that will be adopted by the Senate," physicist Luiz Carlos Miranda, of the National Institute of Space Research, asserted.

The Brazilian Sivam would cost $650 million, i.e., less than half of the cost asked by Raytheon ($1.4 billion). "The Americans are charging $400 million just to administer the Sivam project. We have, however, several national enterprises skilled enough to administer the project for much less," Miranda said.

The document proposes other measures to reduce the cost of the project: Instead of purchasing five aircraft equipped with radar to carry out surveillance of the Amazon region territory, which would cost $230 million, the SBPC proposes tracing clandestine airstrips through satellite imagery, such as that from the Landsat, which is already available. The document also proposes eavesdropping on the conversations of the pilots who work for drug traffickers through low-altitude (between 300 and 500 km) satellites at a cost of $50 million.

The document is also an answer to a request by President Fernando Henrique Cardoso, for whom the national Sivam project was swiftly prepared "in three or four days." According to the SBPC, it was the government that revealed technical specifications on the project 18 months ago, when it asked for suggestions to put together the Sivam. The data was transmitted to experts of research institutes that are linked to the SBPC board.

Brazil's Cardoso Agrees To Social Security Reform Delay

PY3101020396 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 30 Jan 96

[FBIS Translated Excerpt] The government has taken a step backward and voting on the changes to be implemented in the retirement rules has been postponed until next week. Pressure exerted by the CUT [Sole Workers Center] and the opposition parties was stronger than the government's position. Therefore, the government has agreed to continue discussing the issue until 6 February.

President Fernando Henrique Cardoso met with leaders of the parties that support the government over breakfast at Alvorada Palace this morning to give them an order: Enough talking. Now is the moment to vote on the social security area reform.

Social Security Minister Reinhold Stephanes and the party leaders arrived at Congress to meet the labor unions representatives saying sternly: No more postponements.

CUT President Vicente Paulo da Silva, Vicentinho, however, wanted to negotiate. He agreed to give up the 30-day period to work on the issue which he had asked for last week. In exchange, he asked for more time to continue negotiating with the government until he holds a meeting with the CUT board this weekend.

After Vicentinho's explanations, the government leaders left the meeting to call President Cardoso by phone and convey to him the arguments presented by the CUT president. President Cardoso agreed with the arguments and authorized the leaders to take a step backward and postpone voting on the reform for one more week. He did that for a very simple reason: It is important for the government to keep Vicentinho's support for the reform, because his support will help in overcoming the resistance of several deputies who are running in this year's municipal elections and who deem the changes to be implemented in the social security area a very unpopular topic. [passage omitted]

Presidential spokesman Sergio Amaral has said that the government does not consider a step backward the decision to postpone voting on the changes to be implemented in the social security area. He added that President Cardoso believes that by agreeing to this

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postponement, there will be more time to reach an agreement about the controversial aspects of the reform.

Brazilian Minister, Spokesman Say Market 'Calm'

PY0102001296 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 31 Jan 96

[FBIS Translated Excerpt] Finance Minister Pedro Malan today guaranteed that the situation of the financial market is calm after the dollar exchange rate band was modified. According to Minister Malan, the band change demonstrates that the government policy for the financial market is appropriate. The Central Bank measure is envisaged as favoring Brazilian exports. [passage omitted]

Meanwhile, the administration has guaranteed that the real continues being a strong currency, and it has denied that the real was devaluated as consequence of the change in the exchange rate band.

Presidential spokesman Sergio Amaral said today that the economy remains stable and that the dollar quotation today is the same as yesterday:

[Begin recording] What has happened is that the exchange rate fluctuation band has been modified. In the next few months, the exchange rate could devaluate or could simply fluctuate like the currency of industrialized countries fluctuate. The yen fluctuates, the dollar fluctuates, the franc fluctuates. [end recording] [passage omitted]

Brazilian Minister Interviewed on Land Demarcation

PY2601230696 Rio de Janeiro Rede Globo Television in Portuguese 0900 GMT 24 Jan 96

[Interview with Justice Minister Nelson Jobim by Luiz Carlos Braga and Luciane Bacellar, during the "Good Morning Brazil" program, in Brasilia — live]

[FBIS Translated Excerpt] [Braga] On 8 January, DIARIO OFICIAL DA UNIAO published a decree on the demarcation of indigenous land. As a result, at least 28 percent of the area already demarcated may have to be reviewed. The government states that the decree has made the process more democratic, but this is not what the entities that defend the rights of the indigenous peoples say. Justice Minister Nelson Jobim will go to the Chamber of Deputies Committee for the Environment and Minority Groups to talk about the decree. We will now talk to him, here at the studio, about this issue. Good morning, Mr. Minister.

[Jobim] Good morning.

[Braga] Mr. Minister, this decree is being greatly criticized here in Brazil as well as abroad. Those who are criticizing it believe that this decree is a step backward in the process of demarcating indigenous land. You do not agree with that, do you?

[Jobim] Absolutely not. Not to comply with what is established in the Constitution is what I consider a way of moving backwards. Now, let us see what we did in the decree. We have instituted something that is rather simple and it consists of allowing people who have been affected by the demarcation process to defend their rights. The Brazilian Constitution establishes, in Article 5, clause 45, that no citizen can be stripped of his or her freedom or assets, unless this is done within the framework of a legal process. The Constitution also ensures that, from 1988, all parties in lawsuits — including the administrative ones — have the right to contest the decisions made and also have the right to defend themselves. What are we doing? This decree introduces into our daily practice what is determined by the Constitution. In other words, it is inadmissible to see people being deprived of their assets without at least having the opportunity of discussing their rights. This is what we are doing.

[Bacellar] Will all the indigenous land be affected by this revision? Can the Indians lose this land?

[Jobim] No, absolutely not. Let us see some figures. The Brazilian territory encompasses nearly 851 million hectares. Prospects establish that, of this area, we will have a total of 94 million hectares of indigenous land, which is equivalent to 11.13 percent of the national territory. This does not represent anything absurd. It represents something that is real: We have an indigenous population and enough space to settle them. It is contemplated that, on the 94 million hectares of indigenous land, 550 indigenous reservations will be demarcated. Of these 550 reservations, 210 have already been legalized and cannot be touched. They total 43 million hectares. Of these 210 reservations, 127 were registered after 1988. All the legal acts after 1988, in which the interested parties' right to defense was not ensured, can be deemed null or invalid. There are already several such cases in the Supreme Court. Well, this decree solves these problems and consolidates ownership over 38 million hectares.

Now, what are we doing regarding the remaining land? We are granting the interested parties their right to defense. The justice minister will analyze the allegations. The National Indian Foundation will present counterallegations, the justice minister will evaluate the situation, and the president of the Republic will ratify the decision. This is what will be done. In other words, we are

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normalizing the government's commitment to land demarcation and closing this chapter. What is occurring is that some people are not partners in helping to solve problems; they are only partners in creating problems. They are not committed to solving problems, but we are. One more thing, the justice minister and the government are entirely committed to these solutions but not to any feeling of anguish about them.

[Bacellar] It seems, however, that this position is also creating some real problems: A German organization will apparently suspend a $20-million donation aimed at helping in the demarcation of indigenous land here in Brazil. Isn't that cause for concern, Mr. Minister?

[Jobim] No, absolutely not. First, because the information is not correct. It is not a German organization, it is the German Government, and there is a Brazilian treaty dealing with this $24 million. We have already spoken to the ambassadors and there is no such thing as suspending the funds. What there has been is misinformation spread by these radical and Manichaean sectors that want to use the indigenous problem as a banner to create problems and not to solve them. These are the sectors that have been spreading these rumors. The German Government has already released a note and it will not suspend any help.

In addition, there are international positions supporting this measure. The justice minister will go to Germany and London in March and explain the facts very clearly. What we want is to solve the problem. Please notice that the Cardoso administration has already ratified the demarcation of 25 indigenous reservations totaling 3.2 million hectares. Therefore, we will demarcate the indigenous land. This has been recommended by the president of the Republic, and we will do it even though it may represent for certain sectors of our society the loss of their banners. [passage omitted]

Brazilian Senator's Proposal on Patent Bill, Pipeline

PY3101013896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Jan 96 p 4

[FBIS Translated Text] Brasilia — Senator Ney Suassuna (PMDB- PB) [Brazilian Democratic Movement Party-Paraiba], who drafted one of the alternate texts for the Patent Bill, has proposed an agreement to the government: To adopt the pipeline [preceding word in English] system only for the United States — which does not want to give up this procedure — and to do it through a bilateral accord. The pipeline system consists of recognizing the patent on a discovery or invention right from the day it was registered in its country of origin.

According to this proposal, the adoption of the pipeline system would be withdrawn from the alternate text proposed by Senator Fernando Bezerra (PMDB-RN) [PMDB-Rio Grande do Norte]. In exchange, those who oppose Bezerra's proposal would commit themselves to approving the pipeline in the bilateral accord. According to Suassuna, to accept adopting the pipeline for all countries is like "granting in exchange for nothing" the retroactive payment of several patents to countries that do not demand the adoption of this system.

Suassuna confirmed, however, that without an accord, he will continue to oppose the pipeline system in the plenary sessions. The final text of the GATT, dated 1994, demands recognition of patents only from 1 January 1995 on. By admitting the pipeline system, even with safety clauses, the Patent Bill will make Brazilian enterprises liable to being sued for the use of discoveries and inventions that have been registered in other countries.

Brazilian Daily Views Senate Handling of Patent Bill

PY3101020296 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Jan 96 Section 1 p 2

[Editorial: "Retroactive Retrogression"]

[FBIS Translated Text] The approval by the CAE (Economic Affairs Committee) of the mechanism that allows retroactive granting of patents has been a retrogression in handling of this issue in the Senate. The reason for the system of patents is to stimulate research and discoveries by ensuring the rights of their authors. There is no reason to submit to this regime products that have already been researched, discovered, or developed.

Legislation in this area is naturally controversial, right from the beginning, because it results in the transference of resources, particularly from enterprises already installed in Brazil, to multinationals that are operating abroad. It becomes still more controversial and difficult to accept at the time of granting patents to non-original products.

For some time now, the United States, where there are many large laboratories, has been threatening Brazil with retaliation unless our country implements a Patent Law. The United States defends the idea of including the retroactive mechanism known as the pipeline [preceding word in English] in the text of the law. The large laboratories' lobby [preceding word in English] even published an advertisement against Brazil during President Fernando Henrique Cardoso's visit to that country.

Last December, the Constitution and Justice Committee supported the principle of extending the Patent Law to

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the pharmaceutical area, as well as to that of chemical products and food. However, it excluded the pipeline provisions from the text. Under pressure from the federal government, however, the senators are now supporting the inclusion of the pipeline system in the text of the law.

It seems that reasons of a diplomatic nature are overcoming the interests of Brazilian consumers, who will probably have to pay more for medicines and products that are not what we can call an invention. On the contrary, they are perhaps products that have been developed and patented abroad many years ago.

Roundup of Brazilian Economic Reports Through 23 Jan

PY2301193496

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 23 January.

BASIC LEADING INDICATORS

Silicon Production Increase — Metallic silicon production is experiencing an upsurge in demand. The price is climbing as international demand increases. This is good for Brazil which is the second largest producer of silicon in the west with an installed capacity of 130,000 tonnes per year, of which 85 percent is exported abroad. The six Brazilian companies that produce metallic silicon are very happy as they had closed many of their mills during the crisis which lasted from 1990 to 1994. They began to reopen their mills as of last year. The Eletrosilex company, which is controlled by the Norwegian Ila group, upgraded its factory to produce chemical degree silicon which is used for molds, sealing rings, plastic surgery, and fiber-optics cables. Next year Eletrosilex expects to double its 1994 sales, which totaled $22 million. The most promising perspectives are for 90 percent purity chemical silicon, of which the company can produce 22,000 tones per year. Production of metallic silicon, which is used for aluminum alloys, is projected to expand by 20.6 percent by 2000. Eletrosilex plans to invest $50 million by 2000 in increasing the production of hydroelectric dams and reforestation. Eletrosilex owes 13 percent of the Igarapava power plant, making it energy self sufficient, and it owes 12,000 hectares of reforested area to produce charcoal. (Sao Paulo GAZETA MERCANTIL in Portuguese 18 Jan 96 p C 1)

Unemployment Rate Increases in November — The Brazilian Geography and Statistics Institute, IBGE, today reported that the industrial unemployment rate increased by 1.6 percent between October and November 1995. The industrial unemployment rate has been increasing since April. Dismissals in the industrial sector began in May with the credit restrictive measures adopted by the government. Brazilian industry is adapting to foreign competitivity both in the domestic and international markets, using less labor to reduce costs. The November 1995 unemployment rate is 8 percent higher than that of November 1994. Unemployment increased in all regions in November, especially in Sao Paulo by 1.6 percent; southern Brazil by 1.3 percent; Minas Gerais by 0.9 percent; Rio de Janeiro by 0.8 percent; and Northeastern Brazil by 0.6 percent. The average national unemployment rate increased by 1.6 percent in November. The industries that dismissed most workers are the textile industry, 4.1 percent; food, 3.0 percent; and lumber, 2.4 percent. The salary mass in the industrial sector increased by 1.5 percent in real terms in November compared with October. (Sao Paulo AGENCIA ESTADO in Portuguese 2107 GMT 19 Jan 96)

Unemployment Rate Drops in December — The Interunion Department for Statistics and Socioeconomic Studies, DIEESE, has announced that unemployment in greater Sao Paulo dropped to 13.2 percent in December. The overall annual unemployment rate increased in 1995. The labor market profile changed considerably in 1995. Factories dismissed more employees than in 1994, while service companies contracted more. Industries dismissed 99,000 workers while service companies contracted 137,000 workers, 4.1 percent more than in 1994. The commercial sector employed 25,000 more people than in 1994. The factories that dismissed most workers in December were metal- mechanical factories, chemical, rubber, clothes, and food factories. DIEESE does not estimate there will be a greater demand for workers in 1996. DIEESE Technical Department Director Sergio Mendonca says that a 4 percent growth of the GDP will not help generate more jobs, (Sao Paulo AGENCIA ESTADO in Portuguese 2014 GMT 22 Jan 96)

Energy Consumption Figures — National electricity consumption increased by 7.6 percent between January and November 1995. The increased demand is nearly double the 4 percent GDP growth in 1995. Mines and Energy Minister Raimundo Brito says this reflects an improvement in the standard of living of the people. To cater for its consumers, the government intends to form partnerships with the private sector. During a meeting with Brazilian Electric Power Company, Inc., Eletrobras, directors, Minister Brito decided that a link will be built between the two energy grids that operate independently in Brazil: The north-northeast and the south- southeast-center-west power grids. The connection, which will cost $532 million, will be 1,500 km long and link Imperatriz, Maranhao, and Serra da Mesa, Goias, and should be operational by the end of

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1999. The center-south region, where consumption is greater, will benefit from the excess energy production of the north-northeast system, basically from the Tucurui hydroelectric dam. The project will be designed this year and its construction will begin in 1997. The minister also authorized Eletronorte to buy four more units for the thermoelectric plants in Manaus, Amazonas; Porto Velho, Roraima; and Macapa, Amapa, which may not produce enough energy to cover demand this year. Power demand in northern Brazil increased by between 15 and 17 percent in 1995. Brito also approved the new timetable for concluding the construction of seven hydroelectric plants where R3.7 billion have already been invested and which require and additional R2.9 billion. This construction, of which Serra da Mesa hydroelectric dam is the largest, is open to private capital. The list includes Miranda and Antas II in Minas Gerais, Salto Caxias in Parana, and Corumba in Goias, as well as the Jacui and Jorge Lacerda IV thermoelectric plants in Rio Grande do Sul. (Sao Paulo AGENCIA ESTADO in Portuguese 2224 GMT 19 Jan 96)

Niobium Reserves Estimated — The largest Niobium deposit in the world is in Seis Lagos Mountain, between Sao Gabriel da Cachoeira and Pico da Neblina cities, in the upper Rio Negro area, Amazonas State. This metal is a raw material for superconductors and special steels. Brazilian Niobium represents 78 percent of the world reserves. JORNAL DO NORTE of Manaus states that the Strategic Affairs Secretariat, SAE, has measured the deposit: It contains 2.9 million tonnes, capable of producing 10,000 tonnes of Niobium per year, and it is estimated to be worth $26 billion. The national security area was discovered in 1975 by military officers of the Amazon Region Radar project, Radam. The mountains also contains 12 percent of the tin reserves, it is rich in potassium, gold, diamonds, limestone, aluminum, granite, and marble. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 21 Jan 96 p8)

Textile Sales Perspectives Viewed — Sales in the textile and clothes industries were less in 1995 than in 1994. The Spinning and Weaving Industry Association, Sinditextil, believes dismissals will increase if the import tariff policy on textiles is not modified. Roberto Chadad, president of the Brazilian Garment Association, Abravest, said the textile industry intends to produce cheaper clothes in order to have a greater return. Imports represent 7 percent of the R23 billion worth sold in Brazil last year. Even though the volume of sales was greater than in 1994, the revenue was less. Textile imports amounted to $3 billion while exports amounted to $1.3 billion in 1995. Sinditextil President Luiz Americo Medeiros expects another bad year unless the import tariff on 10 textile products is maintained at the end of March. The 70 percent import tariff will expire on 31 March and Sinditextil fears the government will reduce it to 55 percent as required by the WTO. Unemployment in the textile industry increased by 22.5 percent in 1995, reflecting a reduction of 220,000 jobs. Foreign competition is strongest in synthetic and artificial fabrics, while Brazilian industry is more competitive in cotton fabrics. (Sao Paulo AGENCIA ESTADO in Portuguese 2058 GMT 22 Jan 96)

FINANCIAL OPERATIONS

Investments in Household Appliance Factories — BS Continental, a consortium of the German Bosch and Siemens companies, will invest $70 million in constructing an industrial unit in Hortolandia, Sao Paulo. This was announced today by the BS Continental management, the Sao Paulo governor, and his science and technology secretary. The new factory, which will produce Bosch and Continental refrigerators and freezers, will manufacture products worth $100 million per year. Sao Paulo State was chosen for strategic reasons: production, consumption, and logistics. Being close to Common Market of the South, Mercosur, member countries was also a decisive factor. BS Continental is not the only one to make this move: Electrolux of Sweden has incorporated Prosdocimo which seeks to keep its position in the refrigerator and freezer market. Prosdocimo is second in this sector behind Multibras holding, which belongs to the Brasmotor group that owns the household appliance brands Brastemp, Consul, and Semer. Beside these traditional household appliance giants, CCE company, an old manufacturer of electronic products, is now manufacturing freezers, refrigerators, and washing machines. It has formed a partnership with the Italian group Merloni. (Sao Paulo AGENCIA ESTADO in Portuguese 2212 GMT 22 Jan 96)

FISCAL, MONETARY ISSUES

Monetary Base Figures — The Central Bank, BC, reports that the monetary base expanded by 39.3 percent in December, and by 20.2 percent in 1995, closing the year with a balance of R20.7 billion. The December result reflects the R2 billion which the BC made available to help the commercial banks in December. BC Economic Department Chief Dalmir Louzada said this expansion came within BC expectations. Of the R2 billion the BC gave the financial system in December, R1.4 billion were for the Program to Encourage the Reorganization and Strengthening of the National Financial System, Proer. It is unofficially said that the Proer loan has gone to the Nacional bank which formerly received R4.2 billion. The remaining R600 million were granted as liquidity financial assistance to banks. This is the immediate support the BC normally gives banks that do

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not manage to balance their accounts at the end of the year. BC directors believe the monetary base grew a lot in December on account of seasonal factors such as Christmas spending and payment of the year-end salary bonuses. The National Treasury registered a R913 million deficit in December which also contributed to the expansion of the monetary base on that month, beside the fact that the BC spent R268 million to purchase hard currency. The BC also repaid R2.4 billion worth of public titles in the market, thus returning money to the system. All these factors amount to R6.1 billion that were injected into the economy in December. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jan 96 p B 1)

TRADE ISSUES

Composition of Export Markets — The composition of the markets that purchase Brazilian goods changed during 1995. Exports to Asia increased most: by an average of 16.24 percent. Within this region exports to the PRC rose by 46.37 percent; to Indonesia by 67.26 percent; and to South Korea by 30.44 percent. Exports to the EU rose by 6.28 percent; to the Common Market of the South, Mercosur, by 3.92 percent; and to the Latin American Integration Association, ALADI, by 2.36 percent. Sales to the United States dropped by 1.51 percent, from 20.25 percent in 1994 to 18.67 percent in 1995. This follows the 12.07 percent drop in shoe exports to the United States, the 19.29 percent drop in coffee bean exports, and the 81.65 percent drop in gasoline exports. Japan continues to be the largest market of Brazilian goods in the Asiatic bloc, with a 37.98 percent participation. Chinese participation increased from 11.7 percent in 1994 to 14.7 percent in 1995. China last year imported $551 million worth of soybean oil from Brazil. For the first time, Brazil exported $112 million worth of crystal sugar and $12 million of demerrara sugar to the PRC. Sales to the PRC of the following products increased: car spares up from $805,000 in 1994 to $68.245 million in 1995; cotton sales rose up from $487,000 in 1994 to $12.982 million in 1995; and energy switching and generation equipment sales up from $170,000 in 1994 to $15.501 million in 1995. For the first time Brazil also sold sugar to Indonesia worth $24 million, and carried out a pioneer cotton sale to Hong Kong worth $10 million. (Sao Paulo AGENCIA ESTADO in Portuguese 2156 GMT 18 Jan 96)

Trade Balance Performance Viewed — Brazil exported $422 million worth of cars in 1995, $108 million less than in 1994. The government expects the 1996 trade balance to register a $2.5 or $3 billion surplus in 1996. Brazil registered a $3.15 billion trade deficit in 1995. Imports increased by 50 percent on 1994, totaling $49.6 billion. Exports increased by 6.8 percent to $46.5 billion. The trade deficit in December was $51 million. Smaller soybean exports are exports forecast as a result of the 8 percent reduction in the planted area, and wheat imports are expected to follow higher international prices. (Sao Paulo GAZETA MERCANTIL in Portuguese 19 Jan 95 p A 1)

Chile

Chile's Demarcation of Laguna Del Desierto Complete

PY3001153496 Santiago EL MERCURIO in Spanish 27 Jan 96 p C4

[FBIS Translated Text] Foreign Minister Jose Miguel Insulza yesterday announced that the demarcation of the border in the Laguna del Desierto zone has concluded and that Chile has followed the arbitration process in compliance with international law.

He also denied that the publicity given to the recent developments surrounding the investigation being carried out in Argentina regarding the Prats case represent a maneuver to distract the Argentine people's attention from the Southern Continental Glaciers agreement.

He said he rejects the efforts being made by biased sector in the two countries to try to convince the citizens of their respective nations that the mentioned border treaty must be rejected by their legislators because it is allegedly harmful for both Argentina and Chile, depending on which country they belong to.

Insulza said: "I believe the treaty is favorable for the two countries, that it is a good thing to settle border problems, and I do not see this (the Prats case) as a maneuver linked to the Southern Continental Glaciers. I believe that when people start mixing these sorts of things up it is time, in the first place, to disclose some information and, in the second place, one gets the impression that there is a certain political desire to mix them for reasons I ignore. But I see no link between one and the other issue."

The minister said that the border issue and the proceedings being carried out in Buenos Aires for the murder of former Army Commander Carlos Prats and his wife, Sofia Cuthbert, are two completely different issues with no connection at all.

As for the fears of certain Chilean senators regarding the demarcation of the Laguna del Desierto zone, Insulza reasserted that Chile has acted in compliance with international law.

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He added: "The borderline has been marked. I have the report by Carlos Bustos, president of the Chilean Limits Commission, who supervised the demarcation, on my desk. If there are any aspects of the demarcation we do not like, disagree with, or believe they should be brought to the court's attention, we will do so in the next few days."

He said that the difference between the demarcation of the land and the ruling of the Arbitration Court, which was completely favorable to the Argentine theory, should be made.

He said he thought it was good thing that the legislators are interested that the demarcation work be done properly and that they definitely respect the arbitrators' decision that was accepted by the Chilean Government.

"But, please, let's not give the impression, because it would be negative for the country, that we are going to use the demarcation process to reopen the case. That will not be the case and cannot be the case," Insulza stated.

PRC's Zhu Rongji Visits Chile's Santiago

PY3101233096 Santiago EL MERCURIO in Spanish 31 Jan 96 p C2

[FBIS Translated Text] Chinese Vice Premier Zhu Rongji has supported the Chilean Government decision not to maintain relations with Taiwan, and expressed thanks for our country's understanding concerning the Chinese position on the human rights issue.

Zhu Rongji made these remarks at a time when Chinese Premier Li Peng said that China does not rule out the possibility of a military incursion in Taiwan, an offensive by which the country would try to reunite China.

Zhu Rongji made this statement during a meeting with the Chinese resident community held at noon yesterday at the Sheraton Hotel in San Cristobal. During the meeting, at which some 30 people were present, the Chinese vice premier posed for pictures with those present; then he introduced his ministers and said some words of greeting.

The meeting, which lasted half an hour, was characterized by punctuality, discipline, and order among the participants, none of whom could greet the vice premier personally.

Zhu Rongji said that the nine ministers who are accompanying him are the most important people responsible for the Chinese economic and financial departments, which shows once again the interest for our country and its firm objective "to strengthen bilateral friendship, to learn from the Chilean experience, and to exploit the possibilities of greater trade."

He explained that over the past 25 years — during which Chile has maintained diplomatic relations with Beijing — they have maintained strong reciprocal links and ties.

Chile has also been offered support in all international forums in which it participates, such as the United Nations and APEC [Asia-Pacific Economic Cooperation], so that our country may be playing an increasingly more positive and more important role.

"Overall trade between China and Chile in 1995 totaled $640 million, an increase of 75 percent as compared to the previous year." Nevertheless, he said, this represents only 0.3 percent of overall Chinese trade, which foresees a very promising future.

He also told those present that the Chinese internal situation is one of social and political stability, with inflation under control, and sustained development, which is predicted to continue at an annual rate of 8 percent, allowing us to predict that China will, in the future, be an increasingly more powerful country.

Zhu also urged the Chinese community in Chile to continue with their people's tradition of work and wisdom. He also extended greetings and hopes for good economic growth for the Chinese New Year, which is celebrated on 18 February.

Bon-yin Lee, president of the Association of Chinese Descendants, expressed the desire of the community, which is comprised of more than 300 people, to maintain dual Chinese-Chilean citizenship. This petition could not be passed on to the vice premier because of lack of time.

She explained that within the scope of the various activities carried out in Santiago, they celebrate all Chinese holidays. Moreover, each Sunday they gather to celebrate their traditions through the practice of taichi or with typical food, among other activities. They also make joint trips to better learn about their thousand year-old traditions.

She recalled that the origin of the Chinese community in Chile dates back to the liberation of Chinese from their labor in the Peruvian saltpeter deposits, "for which they were brought from their country, and where they were treated almost like slaves." This situation led to the arrival of these groups in Chile.

Moreover, Wai-lim Cheung, president of the Chinese Resident Community, who extended a protocol greeting to the vice premier during the ceremony at the Sheraton Hotel, said that there are still many Chinese immigrants

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arriving in Chile for commercial reasons or because of family ties.

Chilean Defense Council To Avoid Prats Case Proceedings

PY0102022996 Santiago EL MERCURIO in Spanish 31 Jan 96 p A10

[FBIS Translated Excerpt] The State Defense Council (CDE) has decided not to be a part of the proceedings being carried out by the Argentine judicial system concerning the murder of General Carlos Prats and his wife Sofia Cuthbert, who died in a bomb attack against the automobile they were riding in a few meters from their house in the Palermo district of Buenos Aires at approximately midnight on 30 September 1974.

The CDE, which represents the government, held its last session of the 1995 judicial year yesterday afternoon. The sessions will be resumed in March. During the meeting, the council evaluated a note sent last week by the Interior Ministry indicating the government's interest that the CDE take part in the proceedings being carried out by Argentine Judge Maria Servini in a case that has been greatly stimulated by the arrest of Chilean citizen Enrique Arancibia by the Argentine police on 19 January 1996.

CDE President Luis Bates said the council does not currently have the necessary background or elements on this case to justify a request to Chilean justice to open a process with regard to the assassination of ex-Army Commander Prats. In this regard, Bates added that it is not possible to get ahead of any developments the judicial investigation may have on this case.

Bates said that the CDE agreement on this case has two points. First, the CDE has no power to file charges or become part of a case abroad, which is the basis for not intervening in the Argentine process.

Second, and without affecting the first point, Bates said that the CDE decided to offer the government the necessary cooperation because the council was able to learn some information on the case being investigated in Argentina as a result of the process involving the murder of ex-Foreign Minister Orlando Letelier, who died when a bomb explosion destroyed his car in downtown Washington on 21 September 1976. [passage omitted]

Chilean Democratic Party: No Pact With Socialist Party

PY2401172096 Santiago EL MERCURIO in Spanish 23 Jan 96 p C2

[FBIS Translated Excerpt] During the meeting it held yesterday afternoon, the Christian Democratic Party [PDC] National Board unanimously approved the achievement of a electoral sub-pact with the Radical Socialist Democratic Party (PRSD) but not with the Socialist Party [PS]. In so doing, the PDC National Board rejected the proposal made in this regard by party Vice President Enzo Pistacchio.

The same proposal had been rejected on 19 January by PS President Camilo Escalona at the end of the Central Committee meeting. This decision was later reasserted by PS Secretary General Edgardo Condeza, who said in Concepcion that the PS had never thought of terminating its pact with the PPD [Party for Democracy].

This was also confirmed by PPD President Jorge Schaulsohn who said that the PPD has no intention of terminating its electoral ties with the PS.

At the end of the PDC National Board meeting, PDC President Alejandro Foxley said that the board's decision is not tantamount to a rejection of a CPPD [Coalition of Parties for Democracy] member. He said that on the contrary the PDC will be particularly careful in strengthening ties and avoiding artificial conflicts with CPPD members.

In view of this, he said that the PDC will continue to maintain bilateral contacts with each one of the CPPD members, as it has already done with the PS through a meeting held with PS President Camilo Escalona. He said: "People should not read more into these meetings than what they really are."

About Pistacchio's proposal, Foxley explained that the party's vice president had reasserted that this was a strictly personal proposal made in an effort to make a contribution to party discussions on the matter. [passage omitted]

Chilean Coalition Ratifies Municipal Elections Sub-Pacts

PY2601202096 Santiago EL MERCURIO in Spanish 24 Jan 96 p C2

[FBIS Translated Excerpt] The political-technical commission of the Coalition of Parties of Democracy [CPPD] — in charge of assessing every aspect concerning the municipal elections to be held in October — yesterday ratified the sub-pacts within the CPPD between the Christian Democratic Party [PDC] and Radi-

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cal Socialist Democratic Party [PRSD] and between the Socialist Party [PS] and the PPD [Party for Democracy].

The commission also decided that 31 March will be the deadline to decide the quota each party, that will participate in the October municipal elections, will be entitled to on the CPPD slate.

An agreement was also reached yesterday to conclude the task ordered by the CPPD on 29 June, which is when the deadline to register expires for municipal candidates of 339 districts throughout the country.

During the meeting it was reiterated that the PDC, PRSD, and independents will participate in the municipal elections together under a sub-pact and that the PS, PPD, and independents will sign a sub-pact as they did in 1992.

Thus, the same political scenario that existed in 1992, regarding sub-pacts, has been established. At the same time the effort made by PDC Vice Chairman Enzo Pistacchio to establish an instrumental alliance with the PS failed because the PDC currently has more affinity with the PRSD.

This situation allegedly surfaced because the PRSD had recently reached an agreement with the Communist Party at the Teachers' Association and later one within the Federation of Health Workers rejecting, in both cases, an alliance with the PDC and PS. These agreements greatly upset the PDC members.

Regarding yesterdays agreement, PDC Vice Chairman Diputado Jorge Pizarro, said that the CPPD member parties want to draft a list of candidates that will strengthen the unity of the coalition and turn into an alternative with majority support. [passage omitted]

Chilean Senators Against Human Rights Proposals Warned

PY3101123696 Santiago EL MERCURIO in Spanish 30 Jan 96 p C2

[FBIS Translated Excerpt] National Renewal [RN] political committee last night warned the seven "hardline" senators who reject the idea of supporting the human rights and constitutional amendment proposals, and that if they persist in their position of ignoring the agreements of the Temuco General Council and the ruling of the party supreme tribune, they must "voluntarily" leave the party.

After four hours of intense debate and with the dissident vote of Deputy Alberto Cardemil, member of the board, the committee left in the hands of the "anti-reformist" congressmen the decision of their separation from the party.

In this manner the party committee has put an end to the wave of speculations concerning a possible internal division of RN, and to the predictions of a possible expulsion from the party of the "anti-reformist" or "rebel" legislators. [passage omitted]

Colombia

Colombian Prosecutor: Charges Not To Be Filed Soon

PA0102044396 Santa Fe de Bogota Inravision Television Cadena Uno in Spanish 0210 GMT 1 Feb 96

[From the "CM&" newscast]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso said today that charges, if any, filed against President Ernesto Samper, will not be presented within the next 15 days, at least.

The prosecutor general said he cannot rush a decision of such magnitude and conclude the evaluation of inquiries simply because Congress has been convened to special sessions.

Colombian Senate Calls Recess in Special Sessions

PA0102050496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0210 GMT 1 Feb 96

[From the "CM&" newscast]

[FBIS Translated Text] Although there were high expectations, the Senate concluded on 31 January that the presidential summons for special sessions lacked direction and a clear agenda, and for the time being, also lacked a clear discussion topic:

[Begin recording] [Senator Fabio Valencia] A recess was called because the Senate can only try the president after the Chamber of Representatives accuses him.

[Senator Luis Guillermo Giraldo] Apparently... [pauses] Someone said that the special sessions were summoned for three speeches. One by President Samper to open the sessions, the second by Interior Minister Horacio Serpa at the Senate, and the third by Serpa at the Chamber of Representatives. [end recording]

In other words, the Senate will only be able to meet once the Accusations Committee completes its investigation and the plenum of the Chamber of Representatives decides whether to accuse President Samper. One could conclude that they will not meet during the 15 days of sessions, because according to political analysts, they could prejudge and thus disqualify themselves from determining the president's fate.

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Colombian Committee Members on Reopening Samper Case

PA0102034796 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 1 Feb 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Today, the members of the Accusations Committee of the Chamber of Deputies had conflicting views: While some believe the investigation of President Ernesto Samper's conduct must be reopened only when the report from the Prosecutor General's Office is available, others believe that the statements made by Fernando Botero and Santiago Medina to the media are enough to reopen the investigation.

The speediest way to open a new investigation of President Samper in the Accusations Committee is to reopen the case at the government's initiative. In light of insufficient evidence, which would be submitted directly by the Prosecutor General's Office, the committee would be compelled to wait for new declarations by Fernando Botero and Santiago Medina to arrive from the Prosecutor General's Office.

[Begin unidentified speaker recording] I believe we are acting as seriously as we can, the reason why this is taking time. We cannot act irresponsibly with the sole intention of getting the case to move forward. I believe we must be as serious as possible in this case, considering that the viability of the state is at stake. [end recording]

Today, Antonio Jose Cancino, President Samper's defense attorney, asked that the writ of prohibition [auto inhibitorio] ruled in favor of the president be revoked, a situation that is being reviewed by the committee. Cancino will only resign Samper's defense whenever former Defense Minister Fernando Botero gives his testimony to the Accusations Committee.

Colombian Accusations Committee Reopens Investigation

PA0102050796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0210 GMT 1 Feb 96

[From the "CM&" newscast]

[FBIS Translated Text] The Accusations Committee has declared permanent sessions and announced that it will open, at the government's request, the investigation against President Ernesto Samper, while it awaits the evidence that will be sent by the Prosecutor General's Office.

In its first meeting after the latest statement made by former Defense Minister Fernando Botero, the Accusations Committee decided to begin its work and ask the prosecutor general to submit the new evidence against President Samper as soon as possible.

[Begin recording] [Accusations Committee member Roberto Moya] In light of overwhelming proof, it is evidently the faculty of the Committee to reopen the investigation.

[Accusations Committee member Heyne Mogollon] If there is enough merit to open a formal investigation, we will make this decision within 15 days. [end recording]

Columbia's Conservative Congressmen Demand Samper Trial

PA0102040596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 1 Feb 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Conservatives held a meeting today and said they would not attend congressional sessions if the Liberal proposal to give full support to the Accusations Committee is imposed.

[Begin Conservative Party member Jaime Arias recording] Congressmen from all parties do not know what to do. I think this is an attempt to create a new smoke screen. [end recording]

In their own meeting, the Conservative congressmen decided not to accept the Liberal proposal to discuss President Ernesto Samper's social program. In their opinion this is a new smoke screen, which the government wants to create.

[Begin Arias recording] The Conservative Party has to be very cautious not to fall into that trap, which is just an attempt to gain time. We are going to request the immediate opening of the criminal trial, which is what convened us here in the first place and which is what public opinion is waiting for. [end recording]

The effusive applause given to President Samper yesterday at the end of his speech before Congress and the subsequent cocktail party in Narino Palace were widely criticized by the conservatives, who said the president has already been absolved.

[Begin Arias recording] I had the sad feeling that his speech could be the prelude to another Mogollon-type ruling [Mogollonazo]. [end recording]

Conservatives also asked for the complete reorganization of the Accusations Committee.

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Colombian Liberal Party Members Support Committee

PA0102023296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 1 Feb 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The decision made by Liberal parliamentarians will cause a scandal. They decided to give full support to the Accusations Committee and to debate the government's social program instead of the campaign. Orlando Guerrero has a report:

[Guerrero] Their meeting, which lasted over four hours behind closed doors, was attended by a majority of Liberal parliamentarians. In the end, the congressmen asked the current Accusations Committee to continue handling President Samper's case, despite objections from other political sectors:

[Begin Chamber of Representatives President Rodrigo Rivera recording] There is no legal reason or evidence of partiality that could prompt Liberal parliamentarians to stop supporting the Accusations Committee. [end recording]

[Guerrero] The Liberal parliamentarians' decision was rejected by others who want other political groups to join this committee to guarantee greater honesty:

[Begin Liberal Representative Dario Martinez recording] This was a vitiated selection [words indistinct] defeated. [end recording]

[Guerrero] Although it might sound strange, the most recent decision of liberalism seeks to advance a political debate, during the special sessions, on the social program of the president and not on his campaign:

[Begin Liberal Directorate President Luis Fernando Jaramillo recording] There cannot be prejudgment or interventions by any senator or representative, because they would disqualify themselves to act as prosecutors or judges of the president later on if the process reaches that phase. [end recording]

Colombian Attorney General Requests Ad Hoc Official

PA0102044896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0210 GMT 1 Feb 96

[From the "CM& Newscast"]

[FBIS Translated Text] Colombian Attorney General Orlando Vasquez has asked Congress to appoint an ad hoc attorney general to intervene in the investigation that the Prosecutor General's Office is furthering against him. The investigation is related to the alleged financing of his campaign to Congress with money from drug trafficking activities.

Colombian Former Comptroller Arrested on Funds Charge

PA0102031696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 1 Feb 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] As he reported in to the Prosecutor General's Office, former Comptroller General Manuel Francisco Becerra was notified of an arrest warrant against him. Becerra was formally included in the investigation being conducted on the infiltration of drug trafficking money during the recent Liberal campaign.

Manuel Francisco Becerra appeared before the Prosecutor General's Office today where a preliminary investigation is being conducted against him for the alleged crime of illegal enrichment. Becerra arrived at the Prosecutor General's Office at 1400 carrying a request asking that his statement be heard. However, the faceless judges notified him that an arrest warrant had been issued against him three hours earlier and that he should remain inside the premises of the Prosecutor General's Office.

Becerra was accused by Guillermo Pallomari, who said Becerra had received 300 million pesos. Later on, Santiago Medina confirmed that the former comptroller general had received the 300 million pesos from the Cali cartel. Becerra had gone to the Prosecutor General's Office to report in a few days ago and this afternoon he was questioned and officially included in Case 8000.

Colombian Supreme Court Questions Senator on Funding

PA0102030896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 1 Feb 96

[Report by Soraya Yanine; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] Senator Gustavo Espinosa was questioned today at the Supreme Court of Justice. Senator Espinosa said that his political project for this year was to nominate former Comptroller Manuel Francisco Becerra, arrested by the Prosecutor General's Office today, as a presidential candidate.

[Yanine] Gustavo Espinosa reiterated that his political group did receive money from front companies of the Cali cartel, but this has not been categorized as a crime. Contradictorily, Espinosa stated that he had been

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abandoned and that his political group, led by former Comptroller Becerra — who was apprehended today, planned to run for the presidency of the Republic in 1998.

[Begin recording] [Espinosa] The [word indistinct] Party must be asked for help.

[Unidentified reporter] There is no Liberal Party?

[Espinosa] As far as I know, there is no news on that. I know the Becerrist Liberal Group, which we refer to as the Social Democratic Party in Valle del Cauca. We are autonomous, independent, and [word indistinct].

[Reporter] And you have presidential aspirations for 1998?

[Espinosa] We planned to nominate Manuel Franciso Becerra as presidential hopeful in 1998. We will have to wait a few more years. [end recording]

[Yanine] Espinosa was linked to the Case 8000 for receiving approximately 500 million pesos for the campaign.

[Begin recording] [Reporter] What is your view regarding the situation being faced by Senator Maria Izquierdo, who has not been been placed in a prison or security place yet?

[Espinosa] Can you imagine what my fate will be? Izquierdo is cooperating, and she is not faring very well. Can you imagine what my fate will be? [end recording]

Colombian TV Director on Airing of Izquierdo Speech

PA3101145496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 31 Jan 96

[From the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Cartagena — Inravision director general Gustavo Lecomte Gomez has said that the National Television Committee had authorized Inravision to broadcast only President Ernesto Samper's speech during the installation of the special Congress sessions through the Senal Colombia network. He said that the broadcasting of the participation of other Congress members had not been scheduled but that, because of a mistake, part of Senator Maria Izquierdo's speech was also aired.

[Begin Lecomte recording] The National Television Committee's Resolution 018 ordered Inravision to air President Samper's speech to install the Congress' special Congress sessions. Nevertheless, because of a minor mistake, we went beyond the time allowed and, consequently, part of Sen Izquierdo's participation was broadcast. Once it was determined that a mistake had been made, the necessary adjustments were made. [end recording]

Lecomte's remarks stirred a tremendous controversy yesterday when the airing of Sen Izquierdo's speech was cut short. She spoke after Samper installed the special Congress sessions. Izquierdo said she has evidence in the case against Samper. Her report is already in the hands of the Supreme Court of Justice.

Colombian Police Commissioner Tenders Resignation

PA0102045296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0210 GMT 1 Feb 96

[From the "CM& Newscast"]

[FBIS Translated Text] Police Commissioner Mario Gonzalez tendered his resignation today, 31 January. He said high-ranking police officers obstructed his work. According to Gonzalez, the police not only did not cooperate but did not even understand the importance of their work.

[Begin Gonzalez recording] They became irritated everytime we exercised control and oversight measures over them as established by the law. [end recording]

Colombian Envoy to Netherlands Quits Over Samper Issue

BR3101141496 Rotterdam NRC HANDELSBLAD in Dutch 29 Jan 96 p 4

[Unattributed article: "Colombian Ambassador Resigns 'To Show That Enough Is Enough'"]

[FBIS Translated Text] "How can I represent a government when the way it was elected is being questioned in its own country," says Carlos Gustavo Arrieta (46), the Colombian ambassador to the Netherlands, who last week resigned in protest at the alleged drug connections of Colombian President Ernesto Samper. "The government is in power thanks to the money from drug organizations against which I have been fighting for many years. That was my personal, moral dilemma," says Colombia's former most senior public prosecutor.

Since the election of Samper in 1994 rumors have been circulating that he was aware that his campaign had been financed by the Cali cocaine cartel. The president has always denied this, but over the past week close colleagues have again accused him of having links with the cartels. The president refuses to resign, claiming that it would mean disaster for Colombia. Three ministers and at least four ambassadors, including Arrieta, have resigned in reaction to the refusal.

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"I know, just as every other Colombian knows, that the 1994 campaign was paid for with drug money. The statements by (former campaign manager) Botero now confirm this. Whether or not Samper had knowledge of this, I do not know. The picture is far from clear. I am not prepared to be tolerant any longer. I am leaving my post in order to make it known that enough is enough."

Arrieta first became involved in the fight against the drug mafia back in the late 1980's, after he was hired as a legal expert by presidential candidate Luis Carlos Galan, who was assassinated in 1989. From 1990 to 1994 he was procurator general in Bogota and responsible for combating the cocaine cartels.

During the late 1970's Arrieta became increasingly aware that the cocaine trade was throwing the country into turmoil and that the government was relatively powerless to combat it. Colombia concluded an extradition treaty with the United States, "with the idea that if we were unable to try the drug dealers, then somebody else had to do it."

When the first drug dealers were arrested and extradited to the United States in the mid-1980's, the cocaine mafia was fighting for its life, believes Arrieta. The cartels tried to destroy the legal system by killing judges, prosecutors and policemen. The thousands of people killed in bomb or gun attacks included three presidential candidates and 200 judges. In 1988, the treaty with the United States was terminated. The official reason was that it infringed the constitution.

As procurator general Arrieta helped set up a system of plea bargaining by the terms of which drug criminals who give themselves up receive a reduced sentence. This is still applied today. But neither the tough nor the soft approach have been totally successful, explains Arrieta. After fighting the Medelin cartel (run by Pablo Escobar), it seemed that the Cali cartel had largely taken over the trade. After the Cali bosses were arrested last year, smaller cartels then moved in to control the business.

The escape of one of the Cali leaders earlier this month met with sharp criticism from the United States. Washington considers the Colombian approach to be too soft, but Arrieta does not agree.

"It is easy for the consumer countries to talk. They refuse to set up a police state as that would infringe the democratic rights of their citizens, but they expect us to do exactly that as the producers are found in our country and elsewhere in Latin America."

In August 1994 he was offered a post as ambassador at a distant location, for security reasons. Arrieta: "In Colombia I had 12 permanent bodyguards. People got off the plane as soon as they saw me get on." From The Hague, he remains in close contact with his successors. "Per head of population Colombia has the best results in the world in combating drugs. We arrest the most drug dealers, we seize the most drugs. But Colombia is also suffering most from the war on drugs. You cannot imagine how frustrating and painful it is for me, as a Colombian, to be always regarded with suspicion at passport controls when traveling abroad."

"Colombia is successfully waging war on the drug mafia, which is precisely why it is so painful to me to have to conclude that the present government, which I must represent, is there because of the drug money. Years ago Colombia took up the moral cause against the drug mafia by deciding to wage war on it. If we keep quiet about the campaign financed by drug money we will have lost the moral fight."

Colombia's Samper Appoints Transportation Minister

PA0102044696 Mexico City NOTIMEX in Spanish 0033 GMT 1 Feb 96

[FBIS Translated Text] Santa Fe de Bogota — According to official sources, President Ernesto Samper today appointed Civil Engineer Edgar Urrea as the new transportation minister, replacing Juan Gomez Martinez, a member of the Conservative Party.

Urrea, who was secretary of public works of Santa Fe de Bogota in the mid 80's, represents a sector of independent conservatives supporting Samper during one of the worst crises of his administration.

Yesterday, President Samper appointed Morris Harf as the new foreign trade minister. This appointment put an end to the crisis in the Cabinet, prompted by the new accusations of drug money infiltrations into the president's electoral campaign.

Samper had to endure the resignations of Conservative Party members from his administration and eight ambassadors due to accusations of drug trafficking infiltration. Four new ambassadors have already been appointed.

Colombian Government Prepares For Yankee Bonds Issue

PA3101131096 Santa Fe de Bogota EL TIEMPO in Spanish 30 Jan 96

[Received via Internet]

[FBIS Translated Text] Despite the political crisis and the incertitude regarding the certification process, the government expects the issue of Yankee bonds to be a

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success. The government is preparing a new issue of foreign bonds, this time for $300 million.

This news would not be as noteworthy if it were not for the political crisis and the fact that the placement will take place in the United States, a country that is about to either certify or decertify Colombia because of its antidrug campaign.

Yesterday, Public Credit Director Clement del Valle confirmed that the government will place an issue of Yankee bonds, which will be the first of a series of placements to be made in 1996.

The objective of the Samper administration is to secure financing abroad for $1.657 billion. Of these resources, $1 billion will be obtained from the issue of securities, and another $657 million will be obtained from international organizations via especially allocated credits [creditos sindicados].

Even though the political conditions are not favorable for this issue, the government hopes it will be able to place the resources without any serious snags. To this effect, Del Valle pointed out that the country cannot come to a halt because of domestic problems.

A favorable circumstance is that Colombia is viewed abroad as a solid nation because of the sound management of its economy, which gives confidence to foreign investors. However, Del Valle admitted the sale of this issue will take more work than other placements.

The U.S. market was chosen because of two considerations: It is one of the most liquid markets and it is only accessed by countries of superior international standing.

This would be the third time in which the country ventures into the market of Yankee bonds. It has already attempted to place issues in the Asian and European markets.

The resources to be obtained from the placement and which equal $300 billion pesos will be allocated to finance the expenditures projected by the government for the current year, in both the areas of investment and operation.

Meanwhile, Clemente del Valle confirmed that the price of the country's foreign debt has not increased as a result of recent political events.

This circumstance can be confirmed in the spread [preceding word in English], which is the difference between the profitability of Colombian debt bonds and U.S. Treasury bonds. The greater the risk presented by a particular issue, the greater the profitability that must be acknowledged to the investor, and vice versa.

In Colombia's case, the spread ranges between 1.55 and 1.65 percent over the Treasury bonds for the bonds issued for five years, which is quite similar to the profitability registered in mid-1995.

Colombia, along with Chile, ranks among those countries whose debts fare well in foreign markets.

Ecuador

Ecuador Marks Treaty Anniversary 'in Peace'

PY2901210996 Madrid EFE in Spanish 1611 GMT 28 Jan 96

[FBIS Translated Text] Quito, 28 Jan (EFE) — The Ecuadoran Government today urged the Peruvian Government to commemorate "in peace" the 54th anniversary of the signing of the Rio de Janeiro Protocol. This agreement, which was signed on 29 January 1942, established the "definitive" borders between Ecuador and Peru.

Government Communications Secretary Marcelo Landivar told EFE today that "at present the situation is completely different. We are engaged in bilateral negotiations. No problems should arise on this anniversary because we are on the path toward resolving the situation."

He added that peace between Ecuador and Peru, which were immersed in an undeclared war from 26 January to 28 February 1995, has been consolidated through the implementation of the Itamaraty (Brazilian Foreign Ministry) peace agreement signed on 17 February.

This agreement, which was ratified on 1 March through the Montevideo Declaration, is supported by the guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States).

After stating that the "(border) issue must be discussed seriously and calmly to be able to reach an agreement," Landivar said: "(Ecuadoran-Peruvian) ties exist within the framework of what is established in the Itamaraty treaty. These steps must be carefully fulfilled."

Landivar stated that despite its enforcement, the Rio de Janeiro Protocol is not valid because it does not reflect the geography of the region. He added that in view of this, the Ecuadoran Government believes the protocol "cannot be implemented." Nevertheless, he added, the Peruvian Government has described it as "perfect."

After stating that "the two nations want peace," he said: "We have now assumed an unprecedented commitment at the international level because this is the first time military troops are supervising the implementation of the Ecuadoran-Peruvian peace process."

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As of March 1995 approximately 100 military personnel from guarantor countries, comprising the Ecuador-Peru Military Observers Mission (MOMEP), have been supervising the conflict region in compliance with the Itamaraty peace agreement.

Landivar said that the MOMEP should remain at the border in the conflict region until a solution to the territorial dispute is found because it has become "a guarantee" to avoid clashes between Peru and Ecuador.

He added that the MOMEP's presence "is beneficial for Ecuador because it is an international witness verifying that Ecuador fulfills all the steps leading to the achievement of peace."

For the first time in half a century, Ecuador and Peru are commemorating the signing of the Rio de Janeiro Protocol amid the rapprochement of its foreign ministers who are studying procedures for the holding of future negotiations on the established border markers.

Ecuadoran Foreign Minister Galo Leoro and Peruvian Foreign Minister Francisco Tudela are scheduled to hold a second round of talks on 22 and 23 February. During these talks, they will continue studying procedures and the signing of an eventual agreement establishing channels so that both countries will be mutually informed about the purchase of weapons.

In addition, in reference to the traditional tension that arises between Ecuador and Peru every January, Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba has requested the breaking of what he described as "a kind of lethal tradition."

The Armed Forces have responded to this appeal by giving assurances that the situation in military ranks "is absolutely normal."

After stating, with regard to the border situation, that "everything is calm; there is nothing to report," Defense Ministry spokesman Colonel Carlos Gordillo [name as received] told EFE: "There is absolutely nothing. Our units are absolutely calm. We are conducting routine activities."

According to Badillo [name as received], evidence that the peace process is being implemented without any problems is seen in the fact that high-ranking Ecuadoran and Peruvian military commanders are scheduled to conduct a joint visit to the demilitarized area in the Amazon region on 10 and 11 February.

Ecuadoran Foreign Ministry Recalls Rio Protocol Signing

PY2901224396 Madrid EFE in Spanish 1623 GMT 28 Jan 96

[FBIS Translated Text] Quito, 28 Jan (EFE) — On 28 January the government in Quito recalled the signing, on 29 January 1942, of the Rio de Janeiro Protocol, which established the borderline between Ecuador and Peru. Furthermore, it reiterated its will to continue progress in the peace process in which the two Andean nations have been engaged since the 1995 war.

A communique issued by the Ecuadoran Foreign Ministry in Quito today states that "the national government reiterates its will to continue the peace process with Peru, which should lead to understandings and a reconciliation of different viewpoints, making possible the attainment of a definitive solution that, because of its fairness, will be a lasting one.

The communique goes on to point out that the peace process between Ecuador and Peru, which waged an undeclared war between 26 January and 28 February 1995, makes progress "step by step in the search for a fair and worthy solution to the border problem with Peru."

Ecuador and Peru, which are disputing a portion of territory in the common Amazon border area that lacks landmarks, are currently fulfilling the terms of the Itamaraty (headquarters of the Brazilian Foreign Ministry) peace agreement signed on 17 February with the endorsement of the guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States).

The date 29 January will mark the 54th anniversary of the signing of the Rio de Janeiro Protocol, which Ecuador believes "cannot be implemented" because it does not reflect the geographical reality of the zone, while Peru has stated it is "perfect."

The Quito government has urged the Ecuadoran people to maintain "national unity and prudence, and to persevere in the (territorial) negotiations being held within the framework of the Itamaraty peace agreement.

The Foreign Ministry communique mentions, as part of the loyal fulfillment of the peace agreement, the meeting held on 17 January in Lima by Ecuadoran Foreign Minister Galo Leoro and his Peruvian counterpart Francisco Tudela to discuss the procedures on which future direct territorial negotiations will be based.

It also recalled that Tudela will visit Quito on 22 and 23 February to hold the second round of direct talks between the heads of diplomacy of the two nations. On

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that occasion, they will also try to establish a mutual information exchange agreement on the purchase of weapons.

Ecuadoran President Submits Microfilms to Supreme Court

PY0102001396 Quito Voz de Los Andes in Spanish 2300 GMT 31 Jan 96

[FBIS Translated Excerpt] Ecuadoran President Sixto Duran-Ballen today transferred to the Supreme Court of Justice [CSJ] the microfilms containing the secret accounts handled by former Vice President Alberto Dahik. In a note to the CSJ, President Duran-Ballen said that the documents, which are kept in the Central Bank basement, as of today are under the protection and responsibility of CSJ President Carlos Solorzano.

The president made this decision two days after the CSJ president declared null and illegal a presidential decree that declared the content of the microfilms secret.

After receiving a report which reveals that details of the accounts was not related to internal and external security of the state, Solorzano decided to include it in the criminal action filed against Dahik. [passage omitted]

Peru

Interpol Not To Seek Arrest of Peruvian Ex-President

PY3101182496 Lima LA REPUBLICA in Spanish 13 Jan 96 pp 16-17

[FBIS Translated Excerpt] It was disclosed at the Supreme Court yesterday that Interpol has informed attorney Hugo Sivina Hurtado that none of its 224 branches will arrest former Peruvian President Alan Garcia Perez because he is being sought for political reasons.

Consequently, Alan Garcia Perez may travel to or live in any part of the world, except for Peru, without any problems.

Interpol Secretary General Raymond Kendal informed the Peruvian court that, in compliance with Article No. 3 of the Interpol statutes, they are strictly prohibited from interfering in political, military, or racial problems. Therefore, it will not issue a warrant of arrest against Garcia Perez.

Moreover, Interpol explained that it never issued an international search warrant of the type used for highly dangerous criminals, kidnappers, and drug traffickers, thus refuting reports by high-ranking officers of the Peruvian police on the issuance of that sort of warrant, a copy of which was "reproduced" by a Lima daily. [passage omitted]

Uruguay

Uruguay's President on Possible Execution of Chilean Agent

PY3101123596 Madrid EFE in Spanish 1702 GMT 27 Jan 96

[Article by Jorge Figueroa]

[FBIS Translated Excerpt] Montevideo, 27 Jan (EFE) — The possibility that former Chilean secret agent Eugenio Berrios was executed in Uruguay has been carefully considered by government officials, who want more information, and is causing concern within the Uruguayan Army as some officers have been involved in the so-called "Berrios case."

On 26 January, Uruguayan President Julio Maria Sanguinetti unexpectedly called Defense Minister Raul Iturria and acting Interior Minister Washington Bado to review this issue.

Iturria emphasized: "So far, we do not have any information on the possibility that the human remains discovered a few months ago belong to Berrios, but this is not strange because this issue is under the jurisdiction of the judicial branch, which is totally independent from the executive branch."

Nevertheless, the minister announced that the government would gather all the information available on this incident, which took place during the past administration, and would cooperate as much as possible with the judge who is hearing the case.

The case was also reviewed by Lieutenant General Juan Curutchet, the current Uruguayan Army commander in chief, and General Raul Mermot, who will replace Curutchet on 1 February.

During a court investigation in 1993, a colonel and a captain from the Uruguayan Army, linked to the former Chilean secret agent's presence in our country, had to testify before the courts.

Military sources have pointed out that the "Berrios case" is a cause for concern for the Uruguayan military leadership and the Army will provide all the cooperation required by the courts for resolving it. [passage omitted]

Venezuela

Venezuelan Student Protests, Clashes Continue

PA3101220996 Mexico City NOTIMEX in Spanish 1750 GMT 31 Jan 96

[FBIS Translated Text] Caracas, 31 Jan (NOTIMEX) — Groups of students today clashed with metropolitan

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police for the seventh day, using stones and Molotov cocktails. The police countered with tear gas outside the Central University of Venezuela [UCV].

The university students took to the streets in Caracas and other cities in the interior of the country to protest the economic policies of President Caldera's government.

The university students, with their faces covered, clashed with police using tear gas and plastic bullets to repel the attack on the entrance of UCV's Tres Gracias Square.

No less than 30 hooded individuals set fire to a delivery van belonging to the "Marinela" Mexican biscuit enterprise during violent demonstrations that took place today near the UCV.

The "Marinela" biscuit delivery van was hijacked at the beginning of the demonstration. It was later set afire and placed across the main road of Paseo Los Ilustres, outside the UCV.

Student spokesmen said that the protest also began over the fare hike that was recently authorized by the Caracas Mayor's Office, in agreement with metropolitan transportation unions.

The transportation people, who were seeking a 200-percent increase in the 20-bolivar fare to 70 bolivares in the urban area, accepted a 35-bolivar adjustment beginning tomorrow and a further 45 bolivares in May.

According to the transportation union, its operating costs are not offset by the current fare rate and it claims it is operating with severe losses that threaten its economic stability.

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